REPUBLIC OF TURKEY
PRIME MINISTRY
STATE PLANNING ORGANIZATION

Turkey. Devlet planlama teşkilatı.

Development Plan

FIRST FIVE YEAR
1963 — 1967

1964 ANNUAL PROGRAM

DECEMBER, 1963

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PREFACE TO THE ENGLISH TRANSLATION

The 1964 Annual Program has acquired its final form after preparation by the State Planning Organization examination by the Higher Planning Council and approval by the Council of Ministers, and has now been put into effect. This is in compliance with the provisions of the Law 91 establishing the State Planning Organization, which requires the above procedure as a preliminary to the preparation of the 1964 financial year budget and the work programs of the State Economic Enterprises.

1. The present English copy of the 1964 program is a selective translation of the original. Some of the topics however, in the program are translated in their entirety. The following, however, have been translated in the form of summaries : Population Policy, Employment and Manpower, Labor and Labor Problems, and Social Security in the section entitled "Problems Related to Social Structure of the Society";* Agriculture, Housing, Education, Cultural Activities, Research, Health, Social Services, and Other Public Services in the section on "Sector Programs"; and Community Development and Regional Planning in the section on "Other Development Tools". For this reason, this translation is in the nature of a draft only, and the complete English Translation of the 1964 Annual Program will be published after this translation has been revised.

2. Whilst the original Turkish copy of the 1964 Annual Program contains an appendix listing the investment projects, only a summary of the Public Sector investments proposed in the 1964 Annual Program is contained in the English translation. In this summary, the amounts of the investment projects of the general and annexed budget offices as well as of agencies with revolving funds and the State Economic Enterprises, are shown in two separate columns to distinguish between those carried over from the previous year and fresh amounts. The distribution of investments according to sectors and agencies is also given.

The major public sector projects which are to take place under the 1964 Annual Program have been arranged and summarized in separate pre-project document as in the 1963 Annual Program.

DECREE

The Council of Ministers has approved, on September 1963, in compliance with Article 15 of Law No. 91, dated September 30, 1960, the "1964 Annual Program of the First Five Year Development Plan" prepared by the State Planning Organization, reviewed and submitted to the Council of Ministers by the High Planning Council has put this Annual Program into effect by means of the attached decree covering the principles of implementation.

The President
Cemal GÜRSEL

DECREE

1. Investments to be made in accordance with the objectives of the Five Year Development Plan both in public and private sectors in 1964, measures required to be taken for the implementation and the realization of reforms and reorganizations and all other pertinent matters are indicated in the program in detail.

2. Public organizations which are designated in the program as responsible agencies to perform any particular task necessary for the implementation of the program shall discharge their duties fully in compliance with the working program prepared by themselves and when it is deemed necessary they will give priority to maintaining cooperation with other organizations and establishments. State Planning Organization will too, participate in the preparation of the working programs and coordination activities in connection with program implementation when required.

3. The financing of public sector investments shall be made through the pertinent budgets in the case of departments under the general and annexed budgets and of departments operating under revolving funds as well as of local governments; and through their own resources, or funds to be appropriated under the general budget, or through credits obtained or to be obtained, in the case of State Economic Enterprises. For the accomplishment of all sorts of services and investments it is essential to use the available resources most efficiently and to reach at the targets of the program with least spending.

4. In order to attain the objectives of the plan, it is essential that the program which has been prepared by taking into account the realization of inter-sectoral and inter-regional balances be implemented fully, that prescribed measures be taken at the right time by the responsible agencies, and that the public sector investments be completely realized within the prescribed period and in a way which does not require the budget laws or working programs to be amended or funds to be transferred from one sector to another. However, when amendments to the investment programs are required, the following procedures are to be observed.

a) Amendments to the investment and development expenditures of departments under the general and annexed budgets shall be subject to the provisions of the relevant laws. When a bill dealing with the transfer of funds between various sections or with supplementary or extra-ordinary appropriations is drawn up, the initial drafts shall first be forwarded to the Central Planning Organization and after being examined by the High Planning Council they shall be subject to a decision by the Council of Ministers.

In cases where investment funds are allocated in lumpsums, any required amendment between projects shall be carried out within the framework of current procedures by the establishments concerned, provided that such amendments do not result in an increase of more than ten per cent in the Funds allocated. Any amendment resulting in an increase of funds of more than ten per cent will be subject to a decision by the Council of Ministers after such proposals have been reviewed by the Higher Planning Council.

b) In the case of investments to be carried out by the State Economic Enterprises :

(1) Provided that they stay within the limits of investment expenditures stipulated by their investment programs and that they do not exceed their overall investment programs by more than 10 per cent, State Economic Enterprises may make any necessary transfers between projects. However, this shall not authorize them to sanction expenditures for projects which have not appeared in the program or to give periority to those investments which are not directly connected with production.

(2) Amendments considered necessary for the implementation of investments and financial programs of the enterprises may be introduced the Ministry of Finance upon obtaining the consent of the State Planning Organization on submission of the proposal by the relevant Ministry, provided that such amendments do not decrease the total investments of the State Economic Enterprises and that the investments of the enterprises for which the changes are to be made are not exceeded by more than 10 per cent. Any proposal implying a greater increase shall first be examined by the State Planning Organization and then be decided by the Council of Ministers.

(3) Surplus resources of the State Economic Enterprises which accrue after the preparation of the program may be used by the enterprises acting on their own initiative only cases where they are not making renewal, and maintenance investments and export - oriented investments hinder efficient operation; in cases of investments whose project costs do not exceed 5 million TL , or in the case of investment already included in the program but not executed in due time for unavoidable reasons these resources may be used upon the approval of the Ministry concerned.

c) Amendments to the programs of local governments shall be subject to the current budgetary procedures of these authorities; amendments to programs of departments with revolving funds shall be subject to the provisions of sub - paragraph "b" above.

5. Among investments included in the program without a review of their final projects by the State Planning Organization, these whose project costs exceed 15 million TL. shall be implemented only after the final project has been reviewed by the State Planning Organization to determine their compatibility with the principles of the Development Plan and Annual Program. Such investment projects shall be forwarded to the State Planning Organization at the earliest possible date, irrespective of the starting date for the implementation of the subject program.

6. Public authorities entrusted with certain duties according to the program shall follow up the implementation of the section of the program concern-

ing them, and the State Planning Organization shall follow up, the implementation of the whole of the program in accordance with the following procedures :

a) Each Ministry is to forward a three-monthly report to the State Planning Organization concerning its activities regarding the implementation of the program, the results obtained, and any difficulties observed in the departments, agencies and the State Economic Enterprises under their supervision.

b) The periods to be covered by these reports are to be laid down as follows : January 1 - March 31, April 1 - June 30, July 1 - September 30, and October 1 - December 31. The first three-monthly reports of departments under the general and annexed budget are to include separate information regarding the state of implementation first in the previous financial year and second in the current year.

c) The reports shall be modelled on the specimen prepared by the State Planning Organization, and are to include :

(1) The realized amounts and percentages of the Monetary expenditures and physical investments of the investment projects at the end of the period, according to the order in which they appear in the project lists attached to the program.

(2) Clear and detailed information about the activities relating to measures suggested in the 1963 program and recurring in the 1964 Program because of non-completion, following the sequence of the implementation plan.

(3) The results of the activities of the State Economic Enterprises and the administration with revolving funds.

d) The reports, in question, shall be submitted to the State Planning Organization at latest within 15 days of the end of each quarterly period;

7. A separate section shall be added to the programs and a general analysis of the program and the annexed investment shall be incorporated in this section, in order to facilitate control of the degree of realization of the planning principles during discussions of the yearly programs by the Higher Planning Council and the Council of Ministers.

The tables attached to the yearly programs shall furthermore be prepared in readiness for examination by the members of the Higher Planning Council and of the Council of Ministers when the Higher Planning Council commences its work on the program.

8 During preparation of the projects the relative investment departments shall give priority to the selection and accomplishment of projects necessary for the balanced growth of the regions

9. This decree shall take effect from the date of its promulgation.

FOREWORD

Law No. 91 establishing the State Planning Organization stipulates that annual programs must be prepared before the budget and work program. The 1964 Annual Program, the second in the First Five Year Development Plan, has therefore been prepared in the time prescribed. The fact that the program will be finalized in September also leaves enough time for its examination by the Consortium for Aid to Turkey and will make it possible to avoid delay in foreign financing.

This program was prepared in the light of experience acquired from the application of the 1962 transitional program and on the basis of implementation results in the first half of the 1963 Program.

The program is divided into six parts. In Part I, developments in world economy are considered, with special emphasis on those likely to affect Turkey's economy. The general economic situation in Turkey in 1962 and today is reviewed in the light of available information. Part II gives a general outline, defining the targets, of the 1964 Program; it covers such subjects as resources and expenditures, private investment and the external equilibrium of the inter-sectoral distribution of public and private investments, of value manpower, labor and social insurance are considered in Part III.

Part IV contains sector programs and starts by giving a general picture of the inter-sectoral distribution of public and private investments, of value added, and the internal and external financing position according to sectors. This is followed by individual sector programs which give a general outline of the present situation, 1964 demand estimates and production targets, value added, total investment, and relevant measures. Part V, entitled "Other Delelopment Media" is devoted to community development and regional planning. Part VI, in which similar matters relating to implementation are regarded as budge'ary policy, includes State Economic Enterprises, financing policy, local administration revenue and expenditure, monetary, credit and price policies, employment and wages, income policy, foreign economic relations, guidance to the private sector, collection of statistical data and ends with a general summary and conclusions.

Unless otherwise stated, the source of tabulated statistical information is the State Planning Organization.

As in the 1963 Program, investment project are not shown separately in the text. Investment projects, the name of each project and the necessary finance amounts form the subject of a further attached document. The principle of withholding payments on non-finalized pre-projects will be followed in 1964.

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PART I

PART I

DEVELOPMENTS IN WORLD ECONOMY

1. GENERAL OUTLOOK

In 1963, with the growing conviction that social, economic and political problems could be solved only by peaceful means, important steps forward were taken in this respect, and international economic relations and problems received more attention than ever. It is expected that economic ties will continue to be strengthened in 1964.

It is thought that following on the years 1961 and 1962, 1963 will also be a year of prosperity for all economically developed industrial countries, and that still greater efforts towards development will be made in underdeveloped countries. In this connection, it may be observed that two very important political events will have wide economic and financial repercussions.

The first is the positive results obtained in July 1963 in Moscow in the suspension of nuclear tests. These results are very likely to bring about closer economic and social relations between West and East. The second important political event is the increase in ideological tension between Russia and China. The meetings held in Moscow in July with the object of removing the tension between these two countries revealed that the divergence of views between the two groups was greater than originally thought. While this tension is likely to incite the Soviets to trade more and more with the West and neutralist under-developed countries, it will force Communist China to increase its trade with such advanced countries as Japan, Great Britain and Australia.

In 1963 as in previous years, international economic integration movements have continued to be in the forefront of world economic developments. The breakdown of the Brussels negotiations between the United Kingdom and the Common Market countries early in 1963 should not be interpreted as a slowing down of integration movements in Western Europe. The desire of other OECD countries, which are encountering export difficulties owing to tariff reductions among the Six, to join the Common Market is expected to be considered very soon. Meanwhile, "Comecon", founded under the leadership of the U.S.S.R. in Eastern Europe, is trying to realize economic integration among the Soviet Bloc countries.

Information regarding the first half of 1963 indicates that economic expansion in industrial countries will continue in 1963, though at a somewhat lower rate than in 1962. Although the severe winter which prevailed in 1963, particularly in Western Europe, has had an adverse effect on certain lines of production, the production increases recorded in later months seem to have attained high enough levels to compensate for the setbacks of the first months.

Development efforts in underdeveloped countries have again this year met with various difficulties. As indicated in the 1962 - 1963 report of the World Bank, development plans in underdeveloped countries fail in many cases to reach the prescribed targets for such reasons as : financing difficulties; increase of population; the existence of habits and attitudes which check development; and lack of qualified trained personnel at all levels. As a result of this the development efforts of underdeveloped countries tend to be viewed from time to time with a certain pessimism. Yet pessimism in any shape or form is as unfounded as excessive optimism. The fact that the economic development of underdeveloped countries is a costly, long-term undertaking requiring hard work, and the fact that it is necessary to continue those efforts uninterruptedly, are generally accepted realities.

2. DEMAND AND PRODUCTION

In 1962 world industrial production, outside the Soviet Bloc, has shown an increase of over 7 per cent. The same increase was 7 per cent in 1960, and 3.5 per cent in 1961. The fact that the tendency towards slower increase in 1961 was reversed to show a fairly high increase in 1962 is due to the expansion of about 8 per cent in industrial production in the U.S.A., Canada and Japan. Even though the rate of increase slowed down towards the end of 1962, investment demands and industrial production regained momentum at the beginning of 1963, especially in U.S.A., the United Kingdom and Japan. Meanwhile, sugar heads the list of products which showed a world-wide production searcity. The fact that Cuba lowered its sugar production after losing the American market and the low level of production in other producer countries caused sugar prices to be tripled in one year. It is believed that sugar production in 1963 will be slightly above the level of the preceding year.

Aggregate production is increasing in the U.S.A. and Canada. In the U.S.A. the monthly average index for industrial production (1957 - 52 = 100) went up from 118 in 1962, to 124 in May 1963. The monthly average stock-exchange index (1957 - 59 = 100), showing the position with regard to investment demands, rose from 127.1 to 142.2 in the same period. Meanwhile, although retail sale indices showing consumer demand remained constant during the first four months of the year, it is believed that some increases will be recorded in the second half of the year under the influence of positive political developments.

The slackening of domestic and foreign demand for investment goods in the Common Market countries has caused a fall in the rate of increase of their industrial production. It is believed that this situation will lead Common Market countries, which so far have not given much consideration to specific measures for encouraging domestic and foreign demand, to take certain steps in this direction through the use of their sound foreign exchange reserves.

The position of European countries outside the E.E.C. differs in respect of their industrial production. Countries like Austria which export a large portion of their industrial products to E.E.C. countries are being affected by the cuts in tariffs in this community and their industrial production is declining. On the other hand, in the United Kingdom, Sweden, and Norway, which benefit from the situation created by price increases due to the pressure of wages in the Common Market countries, production and exports are increasing.

1962 was in general a good year for agricultural products and raw materials, but owing to the inelasticity of demand for these products the increase of production in these goods led in general to a partial decline in their prices. The underdeveloped producer countries were not able to benefit sufficiently from these production and export surpluses.

The nations of the Soviet Bloc, although attaining an average increase of 10 per cent in industrial production, encountered serious difficulties in agricultural production. These are illustrated in particular by the fact that the Government of Soviet Russia, in order to encourage a cotton production which has been stagnating, increased purchase prices by 12 - 20 per cent, and raised the sale prices of meat by 30 per cent.

3. EMPLOYMENT

In industrialized countries, manpower demand is generally in excess of supply, and wages show a tendency to increase at a faster rate than productivity.

The employment situation in the U.S.A. continues to be a critical problem despite the increase in industrial production. The number of unemployed, which had dropped to 5.6 per cent of total manpower in 1962, rose again to 5.9 per cent in May 1963.

The manpower shortage in the E.E.C. countries continues to be an important obstacle inhibiting faster growth. In the 1960 - 63 period, while wages increased at the average annual rate of 3 per cent in U.S.A., Canada and England, the rate of increase in the Six was 6 per cent in 1960, 7 per cent in 1961 and 9 per cent in 1962. Wages increased at a rather faster rate in Germany and France. In Italy also a high increase was noted in 1962. The rapid increase in wages and recruitment difficulties is reducing domestic investment; the effect of this at abroad is to reduce the demand for the products of raw material exporting countries.

In another industrial country, Japan, the rapid increase of industrial production has considerably raised manpower demand and wage levels. Consequently the rate of increase in industrial production fell from 27 per cent in 1960 and 23 per cent in 1961 to 10 per cent in 1962

4. PRICE MOVEMENTS

In 1963, the downward trend in world prices observed until 1962 changed and prices tended to rise. The overall price index (1958 = 100) which fluctuated between 93.3, 95.3 and 92.5 in mid-June 1960, 1961 and 1962 respectively rose to 107.9 in mid-June 1963. Over the same years, indices of foodstuff prices were respectively : 93 - 93 - 90 - 115.7, of fibre prices : 98.7 - 104.4 - 101.9 - 105.4; and of metal product prices : 122.4 - 115 - 111.9 - 115.5.

Price fluctuations varied according to countries and regions. Wholesale price and cost - of - living indices in the U.S.A. remained at their 1962 levels until May 1963.

In the Common Market countries wholesale prices tended to rise slowly while retail prices and cost of living indices rose at a faster rate. Price increases were particularly noticeable in Italy, Germany and France. The cost of living index in Italy rose from 109 for 1962 (1958 = 100) to 116 in March 1963; in France from 119 to 123; and in Germany from 109 to 113. These price movements, due generally to wage increases, are having a negative effect on the trade balance and the growth rate of the E.E.C. countries.

Prices in the United Kingdom seem to have been more stable than in continental Europe. Wholesale prices remained practically constant from October 1962 to April 1963; retail price indices, despite the effects of bad weather conditions, showed an increase of only 1.7. In the rest of the OECD countries, the cost of living index went up by 5 points in 1962 and continued to rise in the first three months of 1963. In Japan, prices show a marked upward trend.

In underdeveloped countries, with the exception of Indonesia, price movements appeared to be fairly moderate. In Indonesia, the cost of living index which was 169 in 1960 rose to 610 in 1962 and exceeded 700 in 1963. The general stability of prices in underdeveloped countries can be attributed to the planned economic policy aimed at averting the negative inflationary effects of misallocation of resources. However, in their study on the economy of India, World Bank experts have come to the conclusion that government action in repressing inflationary movements for the time being has had an inhibitive effect on investments by narrowing profit margins, or has directed resources to fields which are of secondary importance in the economy but in which profit margins are high.

5. WORLD TRADE

World trade has continued to increase in 1962 as in 1961 at the rate of 5 per cent. This rate of increase, which had stood of 9 per cent in 1960, was expected to be still lower in 1962. The 4 per cent increase in exports of countries which are agricultural and raw material producers however prevented a fall in the rate of increase of world trade. The development of world trade is expected to continue in 1963 and 1964, although at a slower rate than the average for the 1960 - 62 period.

The increase in industrial production in the U.S.A. has led to a somewhat rapid growth of imports and exports. The index for the volume of imports (1957 - 59 = 100) rose from 108 in 1961 to 122 in 1962, and for exports from 108 to 112. Although exports continue to be higher in value than imports, the increase in imports at a higher rate than exports is widening the gap in the balance of payments, which is already showing a deficit on invisible transactions and capital movements. This situation led the U.S.A. in July 1963 to have recourse for the first time to the International Monetary Fund and to take measures to discourage capital exports.

With the exception of Belgium and the Netherlands, imports in the E.E.C. countries in 1962 progressed at a faster rate than exports in comparison with 1961. As a result of the shortage of manpower and the increase in wages in these countries, the demand for their export goods is generally slackening.

With regard to balance of trade and payment figures, this trend in E.E.C. countries can be followed from Table 1. Although E.E.C. exports and imports were below the 1962 monthly averages in January and February 1963, they regained their impetus in March to exceed the 1962 averages.

Recent Developments in the Balance of Payments of Common Market Countries, 1961 - 1962

TABLE : 1 *(Million $)*

Country	Years	Trade Balance	Net Invisible Items	Balance of Current Accounts	Total Balance (Reserve + IMF)
Belgium-Lugembourg	1961	— 125	+ 165	+ 40	+ 305
	1962	— 140	+ 210	+ 70	— 60
France	1961	+ 415	+ 535	+ 950	+1.095
	1962	+ 475	+ 345	+ 820	+2.685
F. R. of Germany	1961	+2.385	—1.645	+ 740	+ 150
	1962	+1.720	—2.070	— 350	— 220
Italy	1961	—1.085	+1.445	+ 360	+ 515
	1962	—1.425	+1.555	+ 130	— 20
Netherlands	1961	— 350	+ 595	+ 245	+ 150
	1962	— 330	+ 505	+ 175	— 15
TOTAL		**+1.240**	**+1.095**	**+2.335**	**+2.215**
		+ 300	**+ 545**	**+ 845**	**+ 370**

In England, exports showed a slightly more rapid increase than imports during 1963. Gold and foreign exchange reserves showed a remarkable increase in May and reached $ 2,929,000,000.

In the Eastern Bloc, a significant detoriation was observed in the trade between Soviet Russia and Communist China. Russian exports of 735.4 and imports of 763.3 million roubles from China in 1960, fell to 330.6 and 496.3 million roubles respectively in 1961. Apart from the U.S., Russia's trade with the West and Japan showed improvements. But Russia's current chrome policy indicates that Russia may even use dumping methods to increase her foreign trade and to secure world markets. Russia, who sells her chrome to Western countries and even to the United Stated at very low prices has caused great losses through her dumping methods to such major chrome exporters, as Turkey and Southern Rhodesia. Despite all the efforts to the contrary by the United States, Russia, who succeeded in importing broad-diameter steel pipes, is in the near future expected to try to implement the same policy for petroleum products.

Underdeveloped countries are aiming at promotion of their export earnings, which are the most important element in their economic development. In 1962, a 4 per cent increase has been observed in the total exports of these countries. The effects of abnormal price increases in some items such as sugar and olive-oil helped to stabilize the 1962 overall index for raw materials and agricultural products, which had been gradually falling since 1953, and even caused a slight increase in this index by the end of 1962. But it is agreed that this is temporary and that unless profound and far-reaching measures are taken with the participation of highly industrialized countries, trade terms will again be adverse to underdeveloped countries. The objectives of an eight-point program submitted by 21 underdeveloped countries during the GATT Ministers Conference in Geneva won the approval of industrialized countries and especially those of the Common Market, but a decision on the methods to be employed to attain these objectives was not reached.

The problems continue to be studied.

6. ASSISTANCE TO UNDERDEVELOPED COUNTRIES

Even if social and political considerations are set aside, it is generally agreed that the continuing expansion and prosperity of highly industrialized countries depends on the growth of the underdeveloped countries, which support two-thirds of the worlds population and it is this understanding which urges the developed countries to assist the developing countries. This should not be interpreted as implying that the economic growth of under-developed countries is to be achieved only by foreign aid. The advancement of underdeveloped countries depends first and foremost on their own efforts. Today donor and recipient countries alike are fully alive to the importance of this realization.

The United States has given a new direction to its foreign aid policy since early 1963. The essence of this policy consists in channelling aid mainly to countries making efforts at planned development, whilst discontinuing or in time decreasing aid to countries which have reached the stage of self sustained development. It is anticipated that increasing balance of payment difficulties in the first half of 1963 will include the United States to make more drastic measures in the field of foreign aid.

The policy of European indusrialized countries in this area is to provide assistance mainly under the control and administration of the Development Aid Committee or other international organizations. In the selection of countries eligible for assistance and in the determination of the volume of aid to be made available. Consideration is given to planned and orderly efforts towards development as well as to socio-political conditions tending to inspire confidence.

The developments summarized above have resulted in the establishement of consortiums side by side with international organizations, and in a preference for the transmission of assistance through these consortiums. The "Consortium for Aid to India", one of the first consortiums to be set up for this purpose, decided to give $ 1,052 million to India for the third implementation year of India a third Five Year Plan, which started in April 1963. The "Consortium for Aid to Pakistan" also provided $ 425 million in aid to Pakistan for the fourth implementation year of this country's Five Year Plan which started in July 1963.

Within OECD, the Consortium for Aid to Turkey and Greece is trying to provide the assistance required to sustain these countries' development efforts. Although in some member countries, including the United States and Germany, organizations with the necessary authority for allocating aid to developing countries have been set up, the fact that certain other members have been unable complete their preparations in this respect reduces the efficacy of the corsortium.

The number of countries which borrowed money from the World Bank, one of the outstanding international assistance organizations, amcunted to sixty-four in June 1963. In 1962 - 1963, the Bank and affiliated organizations initiated new credit agreements, mostly with under-developed countries, totaling $ 729 million. 179 million out of the 449 million dollar agreements of the World Bank were concerned with Asian countries, and 126 million with Latin American Countries. Thus, the financial assistance of the Bank rose from $ 680 million in 1949 to 6,986 million by the end of June 1963. At the end of June 1963, some of the organizations affiliated to the Bank such as the International Development Association (IDA) and the International Financial Corporation (IFC) had contributed credit assistance to underdeveloped countries amounting to 260 and 200 million dollars respectively.

Although the International Monetary Fund is mainly organized to help overcome short-term international balance of payment difficulties, the Fund is also closely concerned with the development efforts of underdeveloped countries. While the Fund generally offers technical assistance to member countries to improve their monetary and financial policies, under a decision taken in early 1963, it also started to give assistance to underdeveloped countries in cases of decline in their export earnings. This short-term measure is limited to 25 per cent of each member country's quota in the Fund.

Economic assistance to underdeveloped countries will continue to be one of the most important phenomena in international economic relations in 1964. But it is evident that in deciding which countries are eligible for aid and the volume to be allocated the donor countries will continue to stress that economic development should be based first and foremost on planned activities and that it should take place in an environment which inspires confidence both inside the country and abroad.

DEVELOPMENTS IN TURKEY'S ECONOMY

GENERAL ECONOMIC SITUATION

The economic stagnation generally observed in 1961 continued during the early months of 1962; in the second half of the year, however, the increase in public and private investments and the fact that 1962 was a good crop year gave a new stimulus to the economy. In production and demand trends 1962 was thus a better year than 1961. It is estimated that in 1962 national income (at factor cost) and GNP showed a real increase of 5.8 and 6 per cent respectively.

In the same year wholesale prices increased by 5.7 per cent, money in circulation by 7 per cent and the volume of bank credits by 24 per cent. On the other hand public revenues increased by about 10 per cent and imports and exports reached higher levels than those previously estimated.

Data for the first half of 1963 indicate that the expansion of economic activities begun in 1962 continued, that cereal production showed a significant increase as a result of favorable weather conditions, and that there was progress in the manufacturing industry and the construction sector. In the light of this information it is thought that national income may grow at a faster rate in 1963 than in the preceding year. Estimates of national income for 1961, 1962 and 1963 and of the 1962 and 1963 growth rates are shown in Table 2.

1. PRODUCTION AND DEMAND

(a) Agricultural Output

Any increase or reduction in the output of agricultural products (which accounts for nearly 40 per cent of the national income) affects the whole of the economy and is therefore of importance.

As will be seen from Table 3, total agricultural production in 1962 was 4.8 per cent higher in value than in 1961. It is expected that there will be a 4.4 per cent increase in 1963 over 1962.

National Income Estimates

TABLE : 2 (at 1961 constant prices) *(Million TL.)*

	1961	1962	%	1963	%
Agriculture	17.306.6	18.275.8	5.6	19.116.5	4.6
Industry	7.310.8	7.815.2	6.9	8.401.3	7.5
Construction	2.364.7	2.485.3	5.1	2.669.2	7.4
Wholesale and retail trade	3.852.1	4.098.6	6.4	4.414.2	7.7
(Transportation and Communication)	2.873.5	3.043.0	5.9	3.231.7	6.2
Financial Institutions Private Professions and Services	3.117.8	3.292.4	5.6	3.522.9	7.0
Housing	1.581.0	1.671.1	5.7	1.763.0	5.5
Public Services	4.182.0	4.424.5	5.8	4.756.3	7.5
Domestic Income	42.587.9	45.105.9	5.9	47.875.1	6.1
Income from rest of the world	— 250.0	— 304.0	21.6	— 319.2	5.0
Net National Product (at factor prices)	42.337.9	44.801.9	5.8	47.555.9	6.1
Indirect Taxes	4.550.0	4.927.7	8.3	5.371.2	9.0
Net National Product (at market prices)	46.887.9	49.729.6	6.1	52.927.1	6.4
Depreciation allowances	2.193.0	2.290.6	4.5	2.428.0	6.0
GNP	49.080.9	52.020.2	6.0	55.355.1	6.4

Agricultural Production

TABLE : 3 (According to 1961 producer prices) *(Million TL.)*

	1961 Value of Production	1962		1963	
		Value of Production	Index 1961 = 100	Value of Production	Index 1962 = 100
Cereals and pulses	7.872.9	9.092.8	115.5	10.077.8	10.8
Cash crops and other field crops	3.649.9	3.680.3	100.8	3.552.8	96.5
Fruit	3.099.6	2.933.3	94.6	2.644.4	90.1
Vegetables	946.6	857.7	90.6	886.4	103.3
Livestock and animal Products	7.120.5	7.209.6	101.2	7.664.2	106.3
TOTAL	**22.689.5**	**23.773.7**	**104.8**	**24.825.6**	**104.4**

It is expected that cereal production (which showed an increase of over 15 per cent in 1962) will rise by about 11 per cent in 1963 under the influence of favorable atmospheric conditions and also partly because of the use of fertilizers.

The production of cash crops which stood at the same level in 1961 and in 1962 is expected to fall in 1963 owing to the rains which delayed sowing and to certain diseases. In the same way there will be a fall of about 10 per cent on the average in the 1963 fruit crop, which had already gone down by 5.4 per cent in 1962.

On the other hand, owing to the favorable effect of rains on pastures, animal products and dairy products in particular are expected to go up by about 10 per cent in 1963.

(b) Industrial Production

Beginning in the first months of 1962, production has shown a tendency to increase in almost all industrial subsectors. Important increases were recorded in particular in petroleum products, chemical fertilizers, paper and cement in 1962. 1962 production figures in various sectors and a comparison of production in the first five months of 1962 and 1963 are shown in Table 4.

(1) Mining

Chrome production was 5.9 per cent higher in 1962 than in 1961; as a result of the export difficulties encountered for chrome, however, stocks increased and production in the first four months of 1963 showed a considerable decrease compared with the figures for the corresponding months a year earlier.

Coal production in 1962 increased by 1.7 per cent against that of 1961. In the first four months of 1963 production was 3.2 per cent up over that of the corresponding months of 1962. There has been a noticeable rise in lignite production both in 1962 and in the first four months of 1963.

(2) Petroleum and Petroleum Products

The important increase noted in 1962 in the production of crude petroleum continued in the first five months of 1963. With the Mersin refinery beginning to produce in 1962, petroleum products were up six times their 1961 level. Production in the first five months of 1963 was double that of the same period in the preceding year.

(3) Iron-Steel

The production of iron and steel which fell by 5 to 15 per cent in 1962 showed a rapid increase with the opening of the third furnace. Production in the first five months of 1963 is higher by 60 - 80 per cent than that of the corresponding period in 1962.

(4) Cement

Cement production in 1962 rose by 13.8 per cent over that of 1961. Production in the first six months of 1963 was 18.8 per cent higher than that in the corresponding period of 1962.

(5) Electricity

Electricity production in 1962 rose by 16.7 per cent over the 1961 level. Production in the first six months of 1963 exceeds by 12.5 per cent the corresponding production in 1962.

TABLE : 4

Production of the Main Industrial Commodities

(Thousand Tons)

	1961 Annual Production	1962 Annual Production	Rate of change in 1962 (%)	1962 First 5 Months	1963 First 5 Months	Rate of change in first five months of 1963 (%)
Chrome (Tout - venant)	524.4	555.6	+ 5.9	135.5 (2)	69.4 (1)	— 48.8 (1)
Coal (Tout - venant)	6.381.9	6.491.6	+ 1.7	2.125.6 (1)	2.194.3 (1)	+ 3.2 (1)
Lignite (Tout - venant)	3.653.3	4.234.8	+ 15.9	1.341.2 (1)	1.469.6 (1)	+ 9.6 (1)
Crude oil	440.7	592.0	+ 34.3	226.6	275.6	+ 21.6
Oil Products	369.9	2.849.9	+ 670.4	663.8	1.348.1	+ 103.1
Crude iron and pigs	235.5	222.0	— 5.7	95.4	156.2	+ 63.7
Steel ingots	282.4	241.9	— 14.3	94.4	157.4	+ 66.7
Rolled products and semi-manifactures (3)	498.9	424.4	— 15.0	143.9	259.2	+ 80.1
Cement	2.035.9	2.316.5	+ 13.8	1.015.2 (2)	1.206.1 (3)	+ 18.8 (2)
Paper	76.5	97.0	+ 26.8	40.4	46.2	+ 14.4
Chemical fertilizers	32.0	132.1	+ 312.8	44.7	113.4	+ 153.7
Cotton cloth (3) (million metres)	154.0	158.2	+ 2.7	62.4	65.9	+ 5.2
Woollen cloth (3) (million metres)	4.6	4.6	—	1.6	1.7	+ 6.2
Electricity (4) (million Kwh)	3.050.0	3.560.7	+ 16.7	1.670.1 (2)	1.878.2 (3)	+ 12.5 (2)

(1) First 4 months

(2) First 6 months

(3) Public sector figures only

(6) Paper production in 1962 exceeded the 1961 production by 16.8 per cent and in the first five months of 1963 rose by 11.7 per cent over that of the corresponding 1962 period. Nitrogenous and phosphate fertilizer production in 1962 was three times that of 1961 and exceeded 1962 figures by about 150 per cent in the first five months of 1963. The cotton yarn and cotton cloth production of the Sumerbank in 1962 stayed at the 1961 level while its wool yarn and woollen cloth production showed a slight decline. The same Sumerbank production in the first five months of 1963 exceeded by 6 per cent that of the corresponding months of 1962.

(c) Demand Situation

As compared with 1961, the general level of demand in 1962 revived. Increases recorded in the sales of various products are shown in Table 5.

A comparison of figures for the first five months of 1963 with those of the corresponding period in 1962 shows that, apart from woollen textiles, the increase observed a year ago in the sales of other products continued in 1963.

2. PRICES

The wholesale price indices for 1962 published by the Conjuncture Office of the Ministry of Commerce show an increase of 5.7 per cent over those of 1961. In 1961 this increase was 2.7 per cent. Price movements in 1962 were seasonal and prices which rose in winter and spring showed relative falls in summer and autumn.

As seen in Table 6, the most important increase in the sub-groups of the overall 1962 index was in foodstuffs and feed (8.6 per cent). There was no increase, however, in industrial raw materials and semi-finished products in 1962.

On the other hand, the wholesale price index went up by 14 points (base year 1948) between December 1962 and January 1963; in the following months the indices were considerably above their monthly levels of a year ago. As a result the average for the first six months of 1963 stood at 295 as against 282 for the corresponding period in 1962. This indicates a 4.6 per cent rise in prices. As seen in Table 7, the same rising trend appears in the cost of living indices for Ankara and Istanbul. The Ankara cost of living index has gone up from 272 in 1961 to 280 in 1962 (1948 = 100); that of Istanbul from 265 to 275. Both indices showed considerable increases towards the end of 1962 and this upward movement has persisted in the first five months of 1963.

An examination of these indices shows that even if falls occur in the summer months, prices will rise more sharply in 1963 than in 1962. The increase in the volume of money and credit, the emergence on the market of money stocks which were unused for various reasons in 1961 and partly in 1962, higher investments and increases in the general level of demand may be such as to create inflationary tendencies.

Notwithstanding certain fluctuations, the international value of Turkish currency has shown steadily rising trend since 1958. The same trend continued in 1962 and in the first months of 1963.

Even if statistical corrections are made to account for seasonal variations, prices of Republic gold and of gold in bar have shown a steady if slight downward movement. The price of Republic gold fell by 8.81 TL. or by about 8.5 per cent between May 1962 and May 1963. Gold bar prices have virtually ceased to fall since the end of 1962.

TABLE : 5

Internal Sales of Various Products

Products	Unit of Measurement	1961	1962	Percentage change (1961=100)	1962	1963	Number of months compared	Percentage change (1962=100)
Cement	Tons	2.033.291	2.318.714	114.0	1.007.290	1.206.484	Ist 6 mths.	119.8
Woollen cloth (1)	Thousand metres	4.129	4.020	97.4	1.776	1.829	Ist 6 mths.	103.0
Cotton cloth (2)	Thousand metres	122.761	164.734	134.2	69.178	66.111	Ist 6 mths.	95.6
Sugar	Tons	331.740	361.460	109.0	186.287	207.371	Ist 6 mths.	111.3
Paper	Tons	66.421	80.362	121.0	42.296	47.828	Ist 6 mths.	113.1
Raki	Thousand litres	12.903	13.701	106.2	1.334	1.433	Ist 2 mths.	107.4
Beer	Thousand litres	29.340	32.291	110.0	2.288	2.294	Ist 2 mths.	100.3
Coal (1)	Tons	3.459.522	3.810.942	110.2	1.858.690	2.008.656	Ist 6 mths.	108.1
Lignite (1)	Tons	439.848	462.912	172.9	144.507	183.852	Ist 5 mths.	127.2
Fuel oil (1)	Tons	185.798	267.762	—	188.621 (2)	203.798	Ist 6 mths.	160.5

Source : Related Government offices and organizations.

(1) Public Sector only.

(2) Provisional figure.

TABLE : 6

Wholesale Price Index
(1948 = 100)

Months	General Index 1961	General Index 1962	General Index 1963	Foodstuff and Feed 1961	Foodstuff and Feed 1962	Foodstuff and Feed 1963	Industrial raw materials and semi-finished products 1961	Industrial raw materials and semi-finished products 1962	Industrial raw materials and semi-finished products 1963
January	256	277	295	244	279	301	282	272	281
February	261	283	298	251	287	306	280	272	283
March	264	289	294	256	296	299	279	274	284
April	262	290	295	257	295	300	274	279	289
May	264	282	295	259	286	300	273	271	286
June	261	271	293	256	270	298	272	273	281
July	260	272		254	270		273	276	
August	262	267		257	264		273	272	
September	259	267		253	263		271	274	
October	263	271		259	269		272	276	
November	267	278		265	278		273	276	
December	270	281		268	283		273	278	
Average	262	277		256	278		274	274	

Source : Ministry of Commerce, Conjuncture Office.

TABLE : 7

Monthly Cost of Living Indices
(1948 = 100)

Months	ANKARA			İSTANBUL		
	1961	1962	1963	1961	1962	1963
January	272	277	285	257	270	287
February	274	279	294	260	276	293
March	274	286	296	266	277	295
April	283	289	300	262	273	292
May	276	289	299	266	273	294
June	271	285		265	274	
July	270	280		268	273	
August	261	266		264	274	
September	268	271		264	274	
October	273	275		271	277	
November	275	280		268	280	
December	277	285		270	283	
Average	273	280		265	275	

Source : Ankara Cost of Living Index, State Statistics Institute. Istanbul Cost of Living Index Ministry of Commerce, Conjuncture Office

3. MONEY AND CREDIT

Total money supply in 1962 showed an increase of 419 million TL. This increase of 6.9 per cent is due mainly to the increase in the volume of bank notes.

Table 8 shows the total supply of money and its sub-divisions as well as the relationship between money supply index and price index.

A comparison of figures in the first five months of 1962 and 1963 shows that whereas the supply of money had increased by 18 million TL. (0.3 per cent) in the previous year, it decreased by 215 million TL. (3.4 %) in 1963. Whereas bank money showed a seasonal fall in the first 5 months of 1962, the volume of bank notes showed an increase contrary to the normal seasonal movement. Both fell in the corresponding 1963 period.

Despite these falls in the first months of 1963, it is to be expected that from September onwards, with the beginning of the harvest season and for various other reasons, the supply of money will increase.

In 1962 and particularly in the second half of the year, the volume of credit increased by as much as 2.5 billion TL. over preceding years. Among the various other reasons for this increase, besides the reviving effect on the economy of a good crop year, is the implementation of certain measures for facilitating the extension of credit. Table 9 shows the expansion in the volume of credit.

TABLE 8

Changes in the Supply of Money

(Million TL.)

Months and Years	Banknotes	Coins	Total	Bank Money	Total money supply	Chain Index of money supply	Chain index of prices
1960	3 699	129	3 828	1 746	5 574	100.0	100.0
1961	3 984	156	4 140	1 918	6 058	108.7	100.0
1962 I	3 988	158	4 146	1 838	5 984	98.8	101.6
II	4 191	162	4 353	1 860	6 213	103.8	100.6
III	4 246	164	4 410	1 783	6 193	99.7	102.4
IV	4 168	165	4 333	1 809	6 142	99.2	101.2
V	4 111	165	4 276	1 726	6 002	97.7	100.0
VI	4 144	162	4 306	1 718	6 024	100.4	98.6
VII	4 130	160	4 290	1 728	6 018	99.9	98.1
VIII	4 127	158	4 285	1 768	6 053	100.6	95.2
IX	4 509	157	4 666	1 802	6 468	106.8	101.9
X	4 609	160	4 769	1 823	6 592	101.9	101.5
XI	4 442	161	4 603	1 815	6 418	97.4	101.6
XII	4 368	159	4 527	1 950	6 477	100.9	101.7
1963 I	4 383	155	4 538	1 873	6 411	99.0	101.2
II	4 642	158	4 800	1 834	6 634	103.5	103.1
III	4 561	156	4 717	1 868	6 585	99.3	100.6
IV	4 381	155	4 536	1 805	6 341	96.3	101.3
V	4 328	154	4 482	1 714	6 196	97.7	99.8

Apart from negligible falls in January and February, the volume of credit continued to expand in the first months of 1963 and was 6.8 per cent higher than in the same period a year ago. This expansion will tend to continue in the coming months.

It was observed that both the Treasury and the private sector resorted on a large scale to Central Bank funds during the first five months of 1963. (Table 9 Page 28)

The volume of deposits has been steadily growing since early 1962. Even though seasonal falls in demand deposits have been recorded towards the end of the first half of 1963, a further significant growth in the volume of deposits is to be expected towards the end of the year.

4 EXTERNAL TRADE

In 1962 developments in foreign trade exceeded earlier estimates. If results for 1962 are compared with 1961, it is seen that imports increased by 22 per cent, exports by 10 per cent and the total volume of trade by about 17 per cent.

In exports, this increase in foreign trade is due to satisfactory crops in certain export products, to favorable developments in external prices and to certain new export items. In imports, it is due mainly to the application of liberalisation supported by facilities in financing. It may also be said that the general growth of the economy has helped to promote these developments.

Volume of Credit

TABLE : 9 *(Million TL.)*

Month and Year	Bank Credit	Central Bank Credit	(*) Volume of Credit
1961	8.324	1.151	8.622
1962/I	8.331	953	8.638
II	8.498	1.042	8.699
III	8.662	1.294	9.232
IV	8.714	1.267	9.281
V	8.755	1.262	9.242
VI	9.027	1.238	9.457
VII	9.010	1.259	9.631
VIII	9.251	1.291	9.864
IX	9.721	1.692	10.488
X	9.818	1.649	11.420
XI	9.993	1.589	10.642
XII	10.362	1.824	11.112
1963/I	10.284	1.718	11.098
II	10.272	2.031	11.082
III	10.350	2.113	11.496
IV	10.568	1.966	11.594
V	10.755	2.232	11.857
VI		2.544	

(*) Advances from the Central Bank are deducted.

Source : Central Bank Bulletins

The volume of foreign trade has continued to expand in the first six months of 1963. Table 10 gives an idea of the foreign trade situation and deficit

Situation of Foreign Trade in the January - June Period

TABLE : 10 *(Million Dollars)*

Years	Exports	Imports	Deficit
1961	140.0	197.0	— 57.0
1962	164.7	268.4	—103.7
1963	174.4	317.7 (1)	—143.3

(1) This figure includes wheat imports amounting to 21.7 million dollars which were actually imported in 1962 but the import formalities of which were not concluded till 1963

As seen from the table, the foreign trade deficit has grown in the last two years. In 1963 imports were 18.4 per cent and exports 5.9 per cent higher than in the corresponding period of 1962.

The favorable export conditions which prevailed in 1962 for such important export items as tobacco, hazelnuts, cotton and olive oil continued in the first months of 1963. However after March the rate of growth slowed down. In this period foreign exchange earnings of 11.9 million dollars in cotton, 6.4 million dollars in olive oil and 3.3 million dollars in petroleum products have been recorded. On the other hand tobacco exports dropped by 12.3 million dollars and chrome by 2.4 million dollars.

Tobacco exports may be expected to fall as a result of the blue mould disease which beset tobacco production in 1962 and to the fact that production in the main competing supplier countries is more satisfactory. In olive-oil he prevailing favorable export position may also disappear. Significant increaeses n exports of other products are not expected. This shows that exports in 1963 will remain below 1962 levels, and will amount to about 363 million dollars.

During the first six months of 1963 there was an increase of 50.7 million dollars (21.4 per cent) in normal imports excluding imports of surpluses. This ncrease is due mainly to imports of machinery and equipment amounting to about 33 million dollars for the Eregli Iron and Steel Works and to imports of trucks and their tires, for which allocations were made late in 1962 but which have now been removed from the liberalization list. Considerable increases were also recorded in imports of a variety of other products. At this rate of growth it may be expected that imports will amount to 632 million dollars by the end of the year.

PART II

GENERAL OUTLINE AND OBJECTIVES OF 1964 PROGRAM

GENERAL OUTLINE AND MACRO-OBJECTIVES

1. INTRODUCTION

The 1964 program has been prepared to further the attainment of the targets defined in "Plan Strategy and Objectives" and in the Five-Year Plan.

The main economic and social targets to be attained in the second yearly program of the Plan are the following :

a. Ensuring a 7 per cent rate of growth of the economy.

This rate must be attained without endangering the general equilibrium of the economy and in particular price stability. GNP should rise in 1964 to 59.5 billion TL at 1962 prices.

b. Creating new employment opportunities.

By creating new opportunities of work, unemployment caused by the 3 % p. a. population growth and by changing conditions in the social and economic fabric of Turkey will be reduced. To this end new investments of 11.3 billion TL, of which 6.8 billion will be in the public sector, will be made in 1964; with the help of measures in other fields, new employment opportunities will be created for 300,000 people. As manpower supply will increase by 200,000 in the same period, a decrease of about 100,000 may be expected in the total number of unemployed.

c. Ensuring a gradual reduction of the deficit in the balance of payments.

In order to bring the economy in the near future to a state of self-sustained growth without any need for foreign aid, various measures to slow down the rate of growth of imports, to develop exports and such foreign exchange earning sectors as tourism, as well as the necessary investments, are visualized for 1964. Balance of payment difficulties will be reduced to a certain extent with the successful implementation of this program, and the need for foreign aid will be reduced from 296 million dollars in 1963 to 280 million dollars in 1964.

d. Reducing inter-regional development disparities and achieving equilibrium on the basis of social justice between different socio-economic groups.

Various measures aimed at attaining the social targets of the plan are foreseen in the 1964 Program. In investments connected with education, health and other social services, priority has been given to the less developed regions. Tax reform, credit policy and measures to be taken in the context of education and health policies will also be directed towards producing a more rapid rise in the income, health and cultural levels of low-income groups.

Table 11 may give an idea of the growth in the economy to be expected from the implementation of the 1964 Program.

TABLE : 11

Indicators of Economic Growth
(Poal increases in 1964 over 1963)

	Percentago Increase
GNP	+ 7
Per capita income	+ 4
Volume of employment	+ 2.5
Total investments (gross)	+15.1
Total private consumption	+ 5
Per capita private consumption	+ 2
Exports	+ 3.3
Imports (including surpluses)	+ 1.3
Foreign deficit	— 6

2. BASIC DATA UNDERLYING THE PROGRAM

The basic data used in preparing the 1964 Program are taken essentially from the Five-Year Plan. Where necessary the inferences of more up-to-date statistical data have been taken into account.

a. 1962 national income and expenditure estimates which, though prior to the plan period, served as bases for determining the revenue and expenditure targets of the plan have been corrected in the light of new data. The preliminary provisional estimates made in preparing the 1963 Program assumed an increase of 5.5 per cent in GNP in 1962. According to new estimates, the first of which was made in May and the other in July 1963, the rate of growth in 1962 was 6 per cent and GNP had reached 52 billion TL at 1961 constant prices.

In the plan it was assumed that the rate of growth in 1962 would be 7 per cent and that GNP would rise to 52.7 billion TL. Since the plan is based on the attainment of an average yearly rate of 7 per cent and since 1962 is not part of the plan period, it was necessary to revise 1963 and 1964 revenue targets on the basis of the corrected 1962 figures. Thus GNP targets for 1963 were set at 55.6 billion TL. at constant prices and for 1964 at 59.5 billion TL.

b. According to preliminary estimates, the rate of growth in 1963 is thought to be around 6.5 per cent. On the other hand, since imports are running at a higher level than estimated and the foreign deficit will probably be larger than postulated in the plan and the 1963 program as a result, "total resources" may show an increase of somewhat above 7 per cent.

on the assumption that the targets of growth set for 1963 would be attained.
c. 1964 revenue estimates and other macro-magnitudes were determined

d. In the Development Plan, targets have been expressed on the basis of prices and are to be realized in real terms. These targets should therefore be redetermined each year in terms of current prices. In conformity with the principle observed in preparing the 1963 Program, 1964 targets were determined on the basis of price levels in 1962.

e. In the selection of the price index to be used to express investment targets at 1962 prices, the application of wholesale price or cost of living indices was seen to have drawbacks and a special deflation index related to investments was calculated. This index, weighted according to the relative importance within investment expenditures of building material imports, expenditure in local currency on building materials, value added in construction and production and imports of machinery and equipment, shows that target determined at 6.6 billion TL. in the plan was accordingly calculated at 6.8 billion TL. after it had been revised on the basis of 1962 national income figures and after the above index had been applied.

f. On the other hand it was seen to be impossible to apply any index whatsoever to current public expenditures for this year. The current public expenditures given in the 1963 Program were even found to exceed for various reasons the amounts foreseen in the plan for 1964. To express this amount at current prices on the basis of the plan figure would have meant reducing current public expenditures below the level of the previous year, which was obviously not possible in practice. Therefore only an increase proportionate to that of population growth could be made in current public expenditures.

g. New studies on investment series and new estimates concerning the investments effectively carried out in 1961 and 1962 indicate that private investments are a little above the levels visualized in the plan. If these estimates are confirmed, total investment figures and capital-output ratio will be seen to be higher than those stated in the plan.

h. The conditions of the Turkish economy make it necessary to balance public revenues and expenditures in order to achieve development without disrupting price stability.

If current expenditures are maintained at 7.250 (1) billion TL., if the current expenditures of local administrations can be raised to 1,150 million TL. from their own resources, and if public investment expenditures are raised to 6 billion 845 million TL. in conformity with the plan target, total public expenditures will rise to 15.245 billion TL. A total of 2.4 billion TL. for net transfer payments from the budget must also be added to this figure. According to the above principles, total public revenue must be raised to a level of 17.645 billion TL. to remain consistent with this expenditure.

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(1) This figure is due to the new arrangement of the Budget as explained in the Financing Section of the Program and does not contain the amounts for transfer and capital accumulation.

3. GENERAL EQUILIBRIUM OF THE ECONOMY IN 1964

According to the above basic data, and in order to attain a 7 per cent rate of growth without either disturbing price stability or increasing the deficit in external payments, the general equilibrium of the economy must be assured by the realization of the following resource and expenditure targets.

a. Resources

The target in 1964 is to raise GNP by 7 per cent to 62.8 billion TL. at current (1962) prices. It is expected what it will be possible to add to this amount foreign resources of 2.5 billion TL. either in the form of external aid or credits and that total resources will as shown in Table 12 accordingly amount to 65.3 billion TL.

Resources and their Utilization
TABLE : 12 (at 1962 prices) *(Million TL.)*

	1963	1964	Percentagerate of increase
1. GNP	58.700	62.800	+ 7
2. Foreign deficit	2.660	2.500	— 8
3. Total resources	61.360	65.300	+ 6.4
4. Private consumption expenditures	41.780	43.805	+ 4.8
5. Public current expenditures	9.760	10.150	+ 4
6. Private investments	4.200	4.500	+ 7
7. Public investments	5.620	6.845	+21.8
8. Global utilization	61.360	65.300	+ 6.4

Note : In order to compare these figures with those of 1963, the concepts for expenditures used in the Development Plan and the 1963 Program and Budget have been preserved in this table. In Tables 14 and 156 which indicate the public sector, targets certain forms of current public expenditure have been included in transfer expenditures in accordance with the new budget reform.

b. Expenditures

(1) Investment Expenditures

Total investment expenditures in 1964 must reach 11.3 billion TL. as only an amount of this magnitude will make possible an increase of 7 per cent in GNP.

The target for public investments in the 1963 Program was 5.8 billion TL. Preliminary data for 1963 indicate that this target will not be attained and that investments will fall somewhat short of it. On the other hand there are indications that imports of capital goods and sales of cement and other building materials will run above the expected levels and also that private investments will exceed estimates. Therefore it may be said as a provisional estimate that total investments in 1963 will be in excess of 9.8 billion TL.

It is understood that private investments will also exceed the targets set in the plan for 1964. Keeping in mind however that investment in the Eregli

Iron-Steel Works will show an appraciable decrease in 1964 as compared to 1963, private investments in 1964 are expected to amount to about 4.5 billion TL.

The target for public investment is 6 billion 845 million TL. This figure will be broken down as follows :

	Million TL.
Departments included in the general and annexed budgets	3.397
Local Administrations	529
Organizations with revolving capital	265
State Economic Enterprises	2.645
Total	**6.845**

The distribution of these investments by sectors is shown in detail in the relevant sections.

(2) Consumption Expenditures

Private consumption expenditures in 1964 are expected as visualized in the plan to increase by about 5 per cent over the level of the preceding year and amount to 43.8 billion TL. With an increase in consumption which will be above that of the population, the people will thus be able, if only in part, to use the resources secured by economic growth for raising their standards of living.

In the current expenditures of the public sector, an increase of around 4 per cent only is foreseen. As a result of the 15 per cent increase of the salaries of public officials in the 1963 budget, the desire to boost development expenditures, and other causes such as internal and external debts, current expenditures were at a higher level than foreseen in the plan. With the savings to be made until the end of the financial year, it is estimated that these expenditures may be kept in the neighborhood of 9.2 billion TL. The target for current public expenditures in 1964 does not exceed 10.15 billion TL. According to the new arrangement of the 1964 Budget, some of these expenditures (such as repayment of the internal and external debts) have been included in the transfer expenditures. In this sense the target for current public expenditures in 1964 totals 8.400 billion TL.

(3) Total Expenditures

According to the macro-targets outlined above, expenditures in the private sector will amount to some 48.31 billion TL. comprising 43.8 for consumption and 4.5 for investment. In the public sector expenditure will total 17 billion TL. of which 10.15 will be for current expenditures and 6.85 for investment. Thus total expenditure for both sectors will amount to 65.3 billion TL.

By securing for those expenditures the necessary economic resources of 2.5 billion TL. from foreign aid and 62.8 billion TL. from internal production, the general equilibrium of the economy will be preserved.

4. EXTERNAL EQUILIBRIUM OF THE ECONOMY

In 1964 it will be possible to keep the deficit in the balance of current external payments at a somewhat lower level than of 1963. Early total elimination of this imbalance is out of the question, as this would make it impossible to attain the targets of the development plan.

It is expected that imports and exports in 1964 will reach 640 and 375 million dollars respectively and that the trade balance will show a deficit of 265 million dollars. The deficit in invisible items will bring the total deficit in the balance of current accounts to 280 million dollars. Deficitary items and means of financing are shown for both 1963 and 1964 in Table 13.

Balance of External Payments, 1963 and 1964

TABLE · 13 *(Million Dollars)*

	1963 (1)	1964	Difference	As per cent
1. Current Accounts				
a. Foreign Trade				
(1) Exports	363	375	+ 12	+ 3.3
(2) Imports	— 632	— 640	+ 8	+ 1.3
	— 269	— 265	— 4	— 1.5
b. Invisible Items (net)	— 67	— 55	— 12	—17.9
c. Infrastructure and offshore receipts	+ 40	+ 49	—	—
Balance of Current Accounts	296	— 280	— 16	— 5.4
2. Capital Movements				
a. Repayment of foreign debt	— 114	— 110	— 34	—23.6
b. Others (surpluses, private foreign capital and extension of investment credits)	190	175	— 15	— 7.9
c. Other capital movements (deficit)	250	250	—	—
3. Net error and omission	—	— 35		

(1) Estimates revised in June 1963

It is expected that part of the 280 million dollar foreign deficit in 1964 may be financed from normal capital movements and self-financing project-bound credits and that 250 million may be met from the foreign aid to be given through the channels of the Aid Consortium set up in the OECD and from credits.

5. EQUILIBRIUM IN THE PUBLIC SECTOR

For the various reasons stated above, the economy of Turkey is at a very sensitive stage and means of resorting to deficit financing without impairing the equilibrium of the economy have been totally ruled out. This situation makes it imperative to balance total public revenues and expenditures in 1964.

Considering that public investment expenditures will increase to 6.84 billion TL.; current public expenditures including local administration expenditures of 1.150 billion TL. will increase to 8.4 billion TL.; debt repayments and the net transfers to be made from the Budget to the State Economic Enterprises, the Eregli Iron and Steel Works, the State Agricultural Bank and other private and public enterprises to 2.4 billion TL.; efforts will be exerted to finance these expenditures from normal public revenues.

Preliminary estimates of the 1964 public expenditure and revenue targets and requirements for additional financing are shown in Table 14.

1964 Public Revenue and Expenditure Balance

TABLE : 14 (at 1962 prices) *(Million TL.)*

Public Sector	General and annexed budgets	Local adminis-trations	Adminis tartions with revolving capital	State Economic Enterprises	Total
PUBLIC EXPENDITURES					(1)
1. Current expenditures	7 250	1.150	—	—	8 400
2. Investment expenditures (direct)	3.397	529	265	2 654	6 845
3. Transfer payments and capital formation	3 350	—		950	(1) 2 400
4. Total expenditures	13 997	1 679	265	1 704	17 645
PUBLIC REVENUES (1)					
1. Tax revenue	9 650	—	—	—	9 650
2. Budgetary revenue other than taxes	1 600	—	—	—	1 600
3. Counterpart funds	1 800	—	—	—	1 800
4. Own resources and funds	—	1 679	265	1 304	3 248
5. Total Revenue	13 050	1 679	265	1 304	16 298
6. Project financing (external credit)	—	—	—	400	400
7. **Additional financing requirements**	947				947
8. **Grand Total**	**13.997**	**1 679**	**265**	**1 704**	**17 645**

(1) The difference between 10.8 billion TL. total of 8.4 billion indicating current public expenditures and of 2.4 billion indicating transfer expenditures and the 10.15 billion TL. given in table 12 corresponds to the transfers from public sector to private.

(2) Preliminary estimates based on the results of five months of the financial years; they may have to be revised in the next few months.

a. Public Expenditure Targets

(1) Budgetary Expenditures

(a) In 1964 the development expenditures of the General and Annexed Budgets will increase by 7 per cent and ordinary current expenditures by 3 per cent. The total of current expenditures, including minor repairs, will be held to around 7.25 billion TL.

(b) Investments which are directly appropriated from the budget will amount to 3.397 billion TL.

(c) The transfer payments totalling 3.35 billion TL. consisting of 950 million TL. for financing the investments of the State Economic Enterprises, 1.4 billion TL. for repayment of internal and external debts, and 1 billion TL. for various purposes will be made from the Budget.

(d) Total expenditure from General and Annexed Budgets will be 13.997 billion TL.

(2) Local Administrations

Expenditures will be as follows :

(a) Current expenditures : 1.15 billion TL.

(b) Investment expenditures : 529 million TL.

(c) Total expenditures : 1.679 billion TL.

(3) Organizations with revolving funds

Investments of 265 million TL. will be made by these organizations in 1964.

(4) State Economic Enterprises

Investments of 2.654 billion TL. will be made by these enterprises in 1964.

b. Public Revenue Targets

(1) Tax Revenue :

The target for tax revenue in 1964 has been set at 10.1 billion TL. in the Five Year Plan. This target is expressed in terms of 1962 prices. Expressed as at 1962, the tax target will amount to 10.5 billion TL.

With the application of the new tax law, the revenue to be secured for the 1963 budget was expected to be 9 billion TL. The results in hand indicate that actual yields may fall short of this figure by some 400 - 500 million TL. In view of this, tax revenue in 1964 is expected to amount to about 9.65 billion TL. In order to attain the tax revenue target shown in the plan it will therefore be necessary to exert additional efforts in finding new resources totalling 947 million TL. Estimates are based on the tax proceeds of the first five months of the fiscal year and may therefore have to be revised again in coming months.

(2) Public Revenue other than Taxes

According to the plan total public revenue other than taxes should be 5.5 billion TL. (at 1961 prices) in 1964. It is estimated on the basis of the figures in hand for the different revenues entering into this group that proceeds will reach 6.658 billion TL. (at 1962 prices). In addition, with respect to external financing on credit terms of the projects of State Economic Enterprises, a total source of 400 million TL. is to be obtained.

(3) Additional Financing Requirements

In view of the estimates based on the data available during the preparation of the Program, the situation explained above exposes the necessity of providing additional finance resources of around 947 million TL. in 1964.

Among the main reasons for this rise in the public finance deficit are the increase in foreign and domestic debt repayments, the growing finance requirements of State Economic Enterprises, and finally the fact that tax revenues have not reached the expected level.

In the sections on implementation, the situation with regard to public revenue and expenditure targets and financing as well as the measures to be taken in this connection are examined in greater detail.

PART III

PROBLEMS RELATED TO SOCIAL STRUCTURE

POPULATION POLICY

1. INTRODUCTION

It is estimated that the present population of Turkey is 30,230,000 in 1963 and will be 31,070,000 in 1964. Such an increase under lines the significance of the population policy adopted.

2. 1963 IMPLEMENTATION

Preparations and studies concerning family planning are being undertaken by the Ministry of Health, with emphasis on the training of medical personnel to work in this field.

A bill removing the legal barriers to family planning was prepared and laid before Parliament.

3. 1964 STUDIES

(1) Training of medical personnel in techniques of family planning will be continued.

(2) Training in family planning will be given at schools of various levels and in the army.

(3) The Ministry of Health will set up a program in order to enlighten the public with regard to family planning.

(4) Pilot regions will be selected to test the various methods proposed in the family planning program.

(5) Regional surveys will be conducted on the type of motivation which fosters urbanization and on population densities.

(6) Data on social structure and population characteristics will be improved and new forms of research into this field will be launched.

EMPLOYMENT AND MANPOWER

1. 1963 SITUATION

According to the revised manpower and employment estimates of the State Planning Organization, the figures for labor supply and total employment in 1964 will be 13.8 million and 12.4 million respectively, thus leaving a remainder of 1.4 million underemployed and unemployed.

There are significant shortages of manpower in medical personnel, primary and secondary school teachers, industrial and agricultural technicians.

2. 1964 STUDIES

a. On unemployment and underemployment.

(1) In rural areas, non-agricultural activities will be promoted by coordinated efforts to teach new skills and by providing credits.

Various agencies will collaborate in imparting production and marketing techniques to those at present occupied with handicrafts and cottage industries.

(2) In project selection, priority will be given to projects tending to create employment.

(3) Research will be launched aimed at exploring the intensive application of labor and capital-saving technology to agriculture, construction and handicrafts.

(4) Supply and demand in international and domestic labor will be studied and means will be found to reduce the overseas drain on trained personnel greatly in demand in the domestic labor market.

b. On Manpower

(1) A joint survey will be conducted by various agencies on the demand and supply of high-level scientific, technical and managerial manpower. Further research on the manpower requirements of sub-sectors will be instituted.

(2) Measures will be taken to ensure the best use of engineers and medical personnel in their field of specialization.

(3) Long-and short-term measures to reduce the gap between the supply and demand of manpower in the sectors indicated in Table 15 will be taken.

Shortage of Manpower in Agriculture, Industry and Services in 1964 computed according to 1977 standards.

TABLE : 15

(Per cent)

Medical personnel	9 900
Medical technicians	[illegible]
Teachers	[illegible]
Teachers (Primary school)	35 300
Industrial technicians	12 000
Agricultural technicians	4 900
Veterinarians	1 450

(4) Studies will be commerced to improve unemployment, manpower and labor statistics. Envisaged under this heading are the following : A survey of household labor elements, a labor market survey in major centers of employment, preparatory studies on ways of measuring macro-and sectoral changes in productivity, studies to improve and expand statistical information on wages, labor disputes and collective bargaining.

LABOR AND LABOR PROBLEMS

1. INTRODUCTION

It is a principle of the Five-Year Plan that the reorganization of employee-employer relations is to be given highest priority in the promotion of development. Important advances in this direction were witnessed during 1963.

2. 1963 IMPLEMENTATION

In consonance with the principles enunciated in the Five-Year Plan, the bill concerning collective bargaining and strike and lock-out rights become law in 1963 as did the labor-union bill. The New Labor Law was prepared, in accordance with the objectives foreseen in the Plan so as to include intellectual workers, in its scope

3. 1964 STUDIES

a. The implementation of modern methods of organization and techniques of job evaluation places of work is being tried out mainly in certain of the State Economic Enterprises. An inter-ministrial sub-committee report was prepared on the possible enforcement of a uniform wage system in public sector work-places. Job evaluation studies and wage systems are to be continued in the light of this report

b. Training newly employed and unqualified workers will be taken up within the Training In Industry Project and will be put into force in 1964.

c. Measures concerning occupational training centers and plant training are considered in the "Training In Industry" section of the 1964 Program.

d. The methods and scope of human relations training programs for managerial personnel will be expanded in the light of the new labor laws.

e. The Employment Service will establish an effective system of employment orientation.

SOCIAL SECURITY

1. INTRODUCTION

Three million persons are employed in non-agricultural wage-earning and salaried occupations. 34 per cent of this active population falls within the scope of the social insurance scheme.

By 1964, employment accident, medical, disability and maternity insurances provided by the Workers' Insrunce Institution are expected to cover 838 thousand workers. The Staff Retirement Fund which provides a pension scheme for government officials is expected to cover almost 450 thousand people in 1964.

2. 1963 IMPLEMENTATION

The Workers' Insurance Institution has prepared a new Social Insurance Law. This Law covers all industrial and intellectual workers.

The Workers' Insurance Institution has prepared a draft bill for the integration of the Workers' Insurance Institution, the Retirement Fund of the Administration of State Railways and Ports, and the Retirement and Financial Aid Fund of Military Factories.

3. MEASURES

(1) The draft bill providing for a more general social security system by amalgamating the Workers' Insurance Institution, the Retirement Fund of the State Railways and Post Administration, and the Military Factories Retirement and Financial Aid Fund will be passed in due course.

(2) Studies will continue to inquire into the possibility of establishing old-age benefits and life insurance for workers in the private sector and for artisans.

(3) Studies will be carried out on insurance against unemployment for workers not in any collective system. The Workers' Insurance Institution and the Employment Service are to coordinate their activities in this area.

(4) Studies will be instituted covering agricultural workers and farmers under a general social security scheme and the Ministries of Labor and Agriculture are to coordinate their approach to this problem.

(5) In order to fulfil the necessary requirements, the State Personnel Agency, the Staff Retirement Fund and the Workers' Insurance Institution are to work in collaboration on the social security activities, which have periority in the new regime for personnel.

PART IV

GENERAL SURVEY OF SECTOR PROGRAMS

1. INTRODUCTION

As in the definition of macro-targets for the 1964 program, sector programs were prepared basically with reference to the data and estimates established in the Development Plan.

The preparation of the Development Plan was based on the division of the economy into nine major groups, further sub-divided into sub-sectors. Thus, demand estimates, production targets and investments were determined for 63 sectors. In preparing the present program the projections estimated on the basis of 1950 - 60 trends, of certain other relationships and of the general balance of the economy were re-examined in the light of 1962 results, of developments in the first half of 1963, and of the impact of certain measures. Production targets for 1964 were then defined to meet the total demand ascertained in this manner.

The investment targets determined by sectors and years in the plan were calculated by assessing the value of each of the investments to be made over the period of construction of the new production units to be established to attain production targets. These investment targets were calculated at 1961 prices.

These amounts had to be reconverted into current prices for the purpose of the 1964 program. The price deflator used in the determination of macro-targets was thus also applied to the sectoral and sub-sectoral breakdown of the total 1964 investment target (10.8 billion TL. in the plan), and new investment targets were defined in the sector programs. In specific cases there is a divergence from these targets for reasons explained in the relevant sections.

1964 sector programs were prepared on the general assumption that the 1963 program would be fully realized.

The Program embraces the whole of the public sector and gives the working programs of this sector. The 1964 draft budget and investment program, together with the projects submitted for inclusion by agencies, were transferred to the program from the public sector (departments included in the general and annexed budgets, administrations with revolving capital, State Economy Enterprises and local administrations) after they had been appraised in the light of the plan' principles.

Two enquiries were held in order to asses the 1964 investments of the private sector : the first, based on the sampling method, concerned investments in manufacturing, printing and mining. The second concerned investments of a non-industrial nature and a questionnaire was circulated among likely investors. Both enquiries were conducted in cooperation with the Union of Chambers of Commerce, Industry and Trade Exchanges.

The results of these enquiries were reflected in the program, and those private investments which appearred to make a particular contribution to the national economy were earmarked. The program contains only estimations of private investment but indicates the fields in which investment is desirable.

The financing sources (private sector, agencies included in the general and annexed budget, State Economic Enterprises, local administrations, administrations with revolving capital) of 1964 investments in the different sectors are specified in the program. The breakdown of these investments into projects will be shown in the Annex to this program.

In preparing the 1964 program, projections of production demand and value added were made for 65 major production groups and served to determine the investment which should be or is expected to be made in each sector. The results of these studies are given in more detail in the relevant sections.

The breakdown of investment by main sectors and relevant information on the expected growth rate in these sectors is outlined below.

2. SECTORAL GROWTH TARGETS

Indices of production and value added in major sectors in 1964, taking 1962 as the base year, and target increases over 1963 are shown in Table 16.

1964 Production Targets and Value Added Estimates by Sectors

TABLE : 16

Sectors	Production Targets		Value Added	
	Index (1962 = 100)	Percentage increase over 1963	Index (1962 = 100)	Percentage increase over 1963
Agriculture	111.5	5.5	109.9	5.0
Mining	119.1	5.8	119.1	5.8
Manufacturing	132.6	15.0	129.5	13.8
Construction	129.3	13.7	121.0	10.0
Energy	127.7	13.0	127.7	13.0
Transport	122.0	10.5	122.0	10.5

Targets in the agricultural sector were based on the assumption of normal weather conditions. Since 1963 was an exceptionally good crop year, the increase of production will slow down in 1964 relative to 1963.

On the assumption that measures to remedy Turkey's position in external markets will be taken, it is estimated that the mining sector will develop according to expectations.

The manufacturing industry is expected to show a rapid increase in 1964 with the opening of plants under construction and the better utilization of

ess capacity. Appreciable increases are expected in particular in capital-
ods producing industries such as the manufacture of machinery, transport
uipment, agricultural machinery and appliances, and rubber.

In energy, the rate of growth is related to, and will keep pace with, that
manufacturing. In view of the fact however that studies in connection with
setting-up of new production facilities are proceeding slowly, shortages
y appear at the end of 1965.

The construction sector is estimated to grow in proportion to the total
ume of investment.

INVESTMENTS

Total investment in 1964 will be 11.3 billion TL., the public sector being
ponsible for 6.8 billion of this amount. Private investments are estimated
about 4.5 billion TL. Table 17 shows the growth of investments and the
pective shares of public and private investments since 1962.

Share of Public and Private Investments in Total Investments

BLE : 17 **(at 1962 prices)** *(Million TL.)*

	1962	1963	Percentage Increase	1964	Percentage Increase	Average Rate of Increase for the 1962 - 64 Period
1. **Public Investments**	4.500	5.620	+24.9	6.845	+21.8	+23.4
2. **Private Investments**	3.600	4.200	+16.7	4.500	+ 7.1	+11.9
a. Eregli Iron Steel Works	716	825	+15.2	500	—39.4	—12.1
b. Other private investments	2.884	3.375	+17.0	4.000	+18.5	+17.8
3. **Total Investment**	**8.100**	**9.820**	**+21.2**	**11.345**	**+15.5**	**+18.4**

As stated above and as seen from recent studies on investments and from
e information obtained from the inquiry into private investments held early
1963, the private sector appears to have invested in 1962 and to be invest-
g in 1963 at higher levels than visualized in the plan. However, investigations
this context are not yet completed and it does not appear possible to compile
y new reliable estimates. Nevertheless, as indicated in the 1962 implemen-
tion report and as can be deduced from implementation results in the first
lf of 1963, there are various data and indices showing that, although their
act amount cannot be determined, private investments were in excess of
iginal estimations.

On the basis of these developments and of the volume of investment
hich the private sector proposes, according to the results of the enquiry, to
ake in 1964, the level of private investment in the 1964 program has been
timated to be somewhat higher than that foreseen in the Development Plan.

TABLE : 18 (a)

Investment by Sectors
(1964)

(Million TL.)

	General and Annexed Budget	Establishment with Revolving Capital	State Economic Enterprices	Local Administrations	Total Public Sector	Total Private Sector	Total Investment	1963 plan targets (and 1962 prices)
Agriculture	948	192	36	20	1.196	600	1.796	1.790
Mining	48	9	451	1	509	240	749	770
Manufacturing	133	20	910	15	1.078	1.374	2.452	2.470
Energy	262	5	497	94	858	48	906	890
Transport and Communications	748	—	526	86	1.360	140	1.500	1.441
Tourism	36	—	85	17	138	70	208	155
Services	1.056	39	143	236	1.474	28	1.502	1.504
Housing	166	—	6	60	232	2.000	2.232	2.280
Total	**3.397**	**265**	**2.654**	**529**	**6.845**	**4.500**	**11.345**	**11.300**

TABLE : 18 (b)

Investment by Sectors
(1963)

	General and Annexed Budget	Establishment with Revolving Capital	State Economic Enterprices	Local Administrations	Total Public Sector	Total Private Sector	Total Investment	1964 plan targets (and 1962 prices)
Agriculture	599,0	192,6	29,8	5,0	826,4	400,0	1.226,4	1.213,2
Mining	98,5	23,6	301,5	20,0	367,1	105,0	472,1	457,8
Manufacturing	37,0	8,6	592,9	1,0	716,0	1.445,0	2.161,0	2.166,3
Energy	133,5	8,2	286,2	105,0	532,9	20,0	552,9	706,4
Transport and Communications	792,5	—	439,4	125,0	1.356,9	60,0	1.416,9	1.298,0
Services	11,6	—	64,9	30,0	106,5	50,0	156,5	145,5
Tourism	1.178,7	54,4	180,3	95,0	1.508,4	35,0	1.543,4	1.441,6
Housing	168,1	—	55,7	120,0	343,8	1.756,9	2.100,7	2.085,0
Total	**3.018,9**	**287,4**	**1.950,7**	**501,0**	**5.758,0**	**3.871,9**	**9.629,9**	**9.513,8**

In order not to strain the economy, the total volume of real investments has been kept at the same level as that of the Plan.

It is expected that public investment in 1964 will exceed by 1,087.4 million TL. the 1963 figure. This increase is accounted for as follows :

General and annexed budget	378.1 million TL.
State Economic Enterprises	703.3 " "
Local administrations	28 " "

On the other hand, there will be a fall of 22 million TL. in the investments of administrations with revolving capital. This fall is due to the fact that the Eximbank credit of 44 million TL. used by the Forestry General Directorate in 1963 will not be available in 1964.

1964 investments are shown by sectors in Table 18.

Investments in services and in housing are lower by 2 million TL. and 48 million TL. respectively than the Plan targets and higher by 59 million TL. each in transport and communications, by 53 million TL. in tourism and by 6 million TL. in agriculture.

A large part of agricultural investment is devoted to irrigation schemes, for which 375 million TL. more will be spent than in 1963.

The two good harvests in 1962 and 1963 and the good returns obtained by agricultural producers for their crops in the same years point to a probable rise in investments financed by farmers themselves. In this context, the shortage of machinery and equipment encountered by producers in the 1963 season in harvesting their crops and in fresh cultivations soon after will induce the private sector to raise the level of its investments in 1964 by an amount estimated to be over 50 per cent higher than that of the 1963 level.

The increase in mining investment by the State Economic Enterprises is due mainly to the fact that new projects will be undertaken.

In manufacturing, the increase of about 30 million TL. in the investments of State Economic Enterprises is related to important large-scale projects included in the program under conditions complying with those stated in the plan for the execution of State projects.

The energy program showed shortcomings in 1963 as a result of the lack of preparation of the agencies concerned. An effort will be made to attain the plan targets set forth 1964 in this sector and to remedy the 1963 deficiencies in the next few years.

In tourism, the target will be exceeded to assure the completion of certain investments which have already been initiated. The increasing interest which the private sector shows in tourism has been taken into account in the program.

In the housing sector, public investments have been reduced to a minimum. As a result of the measures envisaged private investments are expected to shift from housing to more productive fields and to show a slower increase in the former field.

The import component of investments is shown in Table 19. It is estimated that capital goods to the value of 272 million dollars will be imported in 1964.

TABLE : 19

Sectoral Requirements of Capital Good Imports

(Million TL.)

	General and Annexed Budget	Establishments with Revolving Capital	State Economic Enterprises	Local Adminis. trations	Public Sector	Private Sector	Total Foreign Currency
Agriculture	145.0	13.0	5.0	—	163.0	27.0	190.0
Mining	9.7	—	206.7	—	216.4	67.8	284.3
Manufacturing	38.3	6.3	419.3	—	463.9	677.3	1.141.1
Energy	91.0	—	243.6	27.0	361.6	23.0	384.6
Transport and Communications	18.2	—	213.8	—	232.0	—	232.0
Tourism	—	—	26.7	—	26.7	5.0	31.7
Services	100.0	1.5	20.0	20.0	141.5	4.0	145.5
Housing	3.5	—	—	1.5	5.0	20.0	25.0
Total	**405.7**	**20.8**	**1.135.1**	**48.5**	**1.610.1**	**824.1**	**2.434.2**

AGRICULTURE

1. MAIN PROBLEMS AND PRESENT SITUATION

a. Main Problems

The main and continuing problem, which was basic to the Development Plan, is that agricultural productivity is low. The principal structural reasons for this low productivity are : (i) excessive population in agricultural regions : (ii) uneven distribution of population among regions; (iii) fragmentation of holdings; (iv) poor land ownership and land tenure system. There is moreover a lack of farmers' organisations.

The technical reasons for low productivity, resulting from the social and economic conditions of agriculture, are that modern technology and means of production are not sufficiently wide spread. The improvement of technology also depends on reorganization of government services in this field.

Another reason for low productivity is that land is not used efficiently in the light of technical and economic requirements. On the one hand, because of low productivity and population pressure, land which should not be cultivated is under cultivation and on the other hand, for institutional reasons and lack of coordination, land is devoted to one type of produce when it could with advantage be devoted to another type.

b. Present Situation

It is estimated that agricultural production increased 5.6 per cent in 1962 over 1961, and that there will be a further 4.6 per cent increase in 1963 over 1962. The high rate of increase in the last two years was mainly the result of favorable weather.

Field crop production increased 10.8 per cent in 1962 over 1961 and there is likely to be a further 6.7 per cent increase in 1963 over 1962. Fruit production in 1962 is estimated to have been 5.4 per cent lower than in 1961. In 1963 it is estimated that production will be a further 10 per cent lower than in 1962. In 1962, new supplies of irrigation water were made available to 50 thousand hectares, and it is estimated that total fertilizer consumption was 250 - 300 thousand tons.

The number of animals in 1962 decreased by 4.2 per cent as compared with the previous year, but output of livestock products actually rose by 1.2 per cent in 1962 over 1961 and is likely to rise a further 6.3 per cent in 1963. Fishery production in 1962 was 27 per cent lower than in 1961.

Timber production in 1962 was 52 per cent higher than the previous year partly because storm damage resulted in large numbers of felled trees. 1963 production is expected to be at the same level as in 1962.

For 1963 a more detailed breakdown of the above estimates by commodities is not yet available. The following table gives the 1962 estimates compared with the 1963 programme figures.

TABLE : 20

Agricultural Production (1962 and 1963)

(1000 Tons)

Product	1962 (1)	1963 (2)
1. Wheat	8.450	8.210
2. Barley	3.500	3.575
3. Maize	800	1.037
4. Rice	165	149
5. Pulses (food)	370	416
6. Pulses (feed)	204	277
7. Tobacco	82	135
8. Potatoes	1.439	1.750
9. Sugar beet	2.731	2.738
10. Cotton	245	235
11. Sunflower	60	126
12. Peaches	74	93
13. Apples	322	260
14. Grapes	3.382	3.060
15. Pistachioes	6	15
16. Hazelnuts	122	95
17. Milk	3.132	3.210
18. Wool	43	46
19. Mohair	8	9.3
20. Eggs	67	77.7
21. Fish	60	90
22. Timber (1000 m^3)	2.963 (3)	3.000 (3)
23. Fire wood (1000 m^3)	10.500	10.500

(1) Latest estimate for 1962
(2) 1963 program figures
(3) Including private forest production

2. 1964 ESTIMATES

a. Demand

The 1964 demand estimates worked out for the Development Plan are used here, modified where necessary by the actual results in 1962 and 1963. The following table shows per capita consumption estimates for 1964 compared with 1963.

b. Production

Weather conditions in 1963 were particularly favorable for cereals, production of which is expected to be 10 per cent higher than the program target as a result. There is no reason to assume that these favorable conditions will continue into 1964 and therefore production estimates were based on normal conditions, as for the Development Plan. However for production of tobacco, cotton, sugarbeet and sunflower-seed, the estimates for the Development Plan have been modified. Tobacco is suffering from blue mould

Consumption Estimates of the Agricultural Products

TABLE : 21

Product	Total Consumption 1964 1000 Tons	Per Capita Consumption (Kg.)		1964 Index (1962 = 100)
		1963 (1)	1964	
1. Wheat	6 152	196.0	198.0	101.5
2 Rice	124	3.5	4.0	114.2
3. Maize	807	28.0	26.0	86.6
4 Other Cereals	1 025	36.0	33.0	86.8
5 Pulses	339	10.7	10.9	102.8
6. Vegetables	2 525	79.2	81.3	105.3
7 Apples	230	7.3	7.4	102.7
8. Oranges	239	7.5	7.7	105.4
9 Grapes	2 436	78.3	78.4	100.7
10 Other fruit	736	25.2	25.3	101.6
11 Sugar	413	12.8	13.5	109.8
12 Potatoes	1 265	39.0	40.7	107.1
13 Vegetable oils	236	7.5	7.6	104.1
14 Meat	491	15.2	15.8	107.4
14 Fish	68	2.2	2.2	110.0
16 Milk	3.616	114.5	116.3	103.9
17. Eggs	73	2.3	2.36	107.2
18. Cotton	136	4.3	4.4	107.3
19. Timber (2)	3.500 (2)	0.116	0.119	107.7
20 Fire wood (2)	14.400 (2)	0.465	0.465	100.0

(1) 1963 Program figures

(2) Total 1000 m^3, per capita m^3

infestation. Cotton production has increased more than forecast. Finally, the demand for sugar-beet has increased and therefore production should be expanded more rapidly.

According to figures for 1962, goat and sheep numbers decreased while cattle numbers increased. As a result it is expected that in 1964 production of meat and milk will increase, but hair and wool will decrease.

Table 22 shows production estimates of the main agricultural products for 1964.

A Comparison of the figures in Table 21, column (1) and Table 22 shows that production of forest products does not meet total consumption. It is assumed that the difference is to be attributed to illicit fellings.

c. Export Estimates

Forecasts for 1964 of exports of tobacco and barley fall short of the Plan argets, whereas for lentils, raisins, oranges, hazelnuts, wood and mohair they approximately coincide; for cotton and livestock they are in excess.

TABLE : 22

Production Estimates of the Main Agricultural Products
(1964)

Product	(1000 Tons)	1964 Index (1962 = 100)
1. Wheat	8 400	99
2. Barley	3 640	104
3. Oats	480	106
4. Maize	1 140	142
5. Rice	170	103
6. Pulses (food)	430	116
7. Suger beet	3 333	122
8. Tobacco	139	169
9. Cotton	245	100
10. Potatoes	1 808	121
11. Sunflower	72	120
12. Sesame	47	114
13. Ground - nuts	28	114
14. Soya-beans	7	175
15. Onions	465	108
16. Oranges	287	
17. Peaches	100	135
18. Figs (fresh)	150	85
19. Apples	275	85
20. Tea (fresh)	53	141
21. Hazelnuts	104	85
22. Grapes	3 150	93
23. Vegetables	2 580	110
24. Olive	507	175
25. Milk	3 616	115
26. Wool	46	107
27. Merino	1	107
28. Mohair	9.3	116
29. Eggs	77.7	116
30. Timber (1000 m^3)	3 300	111
31. Fire wood (1000 m^3)	6 200	100
32. Fish	100	166

3. VALUE ADDED

Taking 1962 as a base of 100, the 1964 forecast for the index of value of production is 111.5 and added value is 109.9.

4. INVESTMENTS

It is expected that total investment, that is, private and public sectors taken together, will be about the same in 1964 as indicated in the Plan. However, in view of the good agricultural year in 1963, it seems probable that farmer's share of total investment in 1964 will be higher than previously expected. The following Table shows 1964 investments compared with 1963.

TABLE : 23

Agricultural Investments

(Million TL.)

	1964			1963
	State	**Private**	**Total**	**Total**
1. Irrigation	640.3	50.0	690.3	392.0
2. Soil conservation and land imp.	29.1	25.0	54.1	49.0
3. Pasture improvement	12.5	5.0	17.5	11.0
4. Drainage	16.9	2.0	18.9	10.0
5. Machinery and Equipment	34.9	310.0	344.9	269.0
6. Agricultural Extension	12.7	—	12.7	11.0
7. Agricultural Research	23.3	—	23.3	10.0
8. Soil conservation equipment	11.5	—	11.5	14.0
9. Plant Protection	13.6	10.0	23.6	20.0
10. Seeds and nursery stock	29.9	40.0	69.9	33.0
11. Livestock	51.8	50.0	101.8	67.0
12. Simple processing and greenhouses	5.1	35.0	40.1	18.0
13. Storage	18.9	15.0	33.9	25.0
14. Meterological Services	8.0	—	8.0	5.0
15. Land Reform	—	—	—	—
16. Flood Control	73.0	—	73.0	52.0
17. Forestry	199.7	10.0	209.7	199.0
18. Fisheries	2.0	22.0	24.0	11.0
19. Others	12.8	26.0	38.8	31.0
Total	**1.196.0**	**600.0**	**1.796.0**	**1.227.0**

5. MEASURES

a. General

(1) Land Use

(a) Land classification will be accelerated, priority being given to those areas where there is the problem of deciding between forestry or agriculture in regard to land use.

(b) Regulations will be prepared to ensure that land is used in accordance with the recommendations of land-classification where this has been put into effect, and where it has not, to prohibit the ploughing of land which is at more than a certain gradient.

(2) Soil conservation and water - shed improvement.

(a) Agencies working in this field, such as D.S.I., Topraksu and the General Dirsctorate of Forestry will in future cooperate on projects instead of working separately as they have in the past.

(b) Farmers' training camps will be used to carry out soil conservation, land reclamation, irrigation and forestry projects, and also to support community development projects.

(3) Government services in agriculture

In each area the extension services will concentrate on specific projects designed to solve the specific problems of the area, instead of working generally on all aspects of agriculture as before.

(4) Marketing

Domestic market price information and news of export possibilities will be disseminated. Studies will be conducted on market facilities.

b. Crop Production

(1) Irrigation

The target for 1964 is to make irrigation water avaiable to a further 110 thousand hectares of land, and to carry on irrigation development on 37 thousand hectares. Where irrigation development is taking place farmers' investments will be supported by Government credit.

(2) Soil Conservation

Technical advice on soil conservation techniques will be provided for farmers owning olive groves, pistachio tree and vineyards.

(3) Pasture Improvement and Fodder Crops

In areas where villagers are willing to cooperate and undertake to continue the necessary work in future years, pasture improvement demonstrations will be carried out.

In order to increase the production of fodder crops, particularly by making use of fallow land, there will be cooperation between the Ministry of Agriculture, the Ministry of Commerce, State Farms, the Sugar Beet Corporation, T.M.O. and the State Agricultural Supply Corporation.

(4) Mechanisation

A joint study of the conditions and problems of mechanisation at farm level will be conducted by the Ministry of Agriculture, the Ministry of Industry and the Universities.

(5) Seeds and Nursery Stock

The capacity of nurseries will be increased and particular attention paid to varieties which have export possibilities.

The target for production of certified or controlled seed is 167 thousand tons in 1964. To achieve this target the appropriate government agencies will cooperate and credit will be made available from the Agricultural Bank.

(6) Plant Protection

The Government plant protection services will operate in such a way as to cover the whole area affected by a particular pest or disease.

(7) Fertilizers

The target for consumption of fertilizers in agriculture is 665 thousand tons in 1964. In order to achieve this, the relative government agencies will cooperate and the existing credit fund of 150 million TL. will be increased if necessary.

(8) Farmers' Organizations

Tobacco growers' organizations will be set up to assist in providing credit for crop processing and sales.

c. Livestook

The main problems of livestock production are marketing difficulties, excess number of livestock, inadequate feed supplies, inadequate control of disease and choice of correct breeds in relation to natural conditions.

Some of the measures to be taken are given below :

(1) With priority given to Eastern Turkey, if a particular breed is suitable for a region it will be introduced over the whole of a region.

(2) The law will be amended so as to achieve more effective control of diseases and of animal movements in the country and to permit animal breeders to adopt better animal disease control measures.

(3) Livestock markets will be set up in the principal livestock areas and points of exit for exports.

(4) In order to reduce the number of goats and the damage they cause a thorough study will be carried out by the Ministry of Agriculture in cooperation with relevant agencies and its findings applied in a pilot area.

(5) Credit for medium-and long-term investments in livestock will be increased by at least 30 million TL.

d. Fisheries

Development potential is high for both sea and inland fisheries, but owing to existing consumption habits, poor organization of government services and lack of fishermen's organisations, not very much progress has been made in this field. In addition to the measures taken in 1963, the following measures will be introduced in 1964 :

(1) In order to increase fish production and consumption, municipalities will study the possibility of establishing a Fish Day once a week.

(2) Fishermen's cooperatives will be encouraged.

(3) Fish markets will be improved.

(4) Investment credits for fisheries will be increased by at least 5 million TL.

e. Forestry

The main problems in forestry are that the requirements of forest dwellers should be met without damaging the forests, that there should be rational use of forests in general and that there should be extensive afforestation.

The necessary measures are as follows :

(1) The afforestation target of the Forestry Department for 1964 is 40.000 hectares. In addition, an afforestation campaign will be started by the Ministry of Agriculture, with the cooperation of all Ministries concerned.

(2) On 15.000 hectares forest improvement works will be carried out.

(3) Delimitation of forests will take into account rational land use.

(4) 3.500 kilometers of forest roads will be constructed in order to bring natural forests into full production.

MINING

The mining sector has been considered in the following two sections :

- Coal and other minerals
- Petroleum

According to estimations made over the entire sector the total amount of production to meet the need in this sector for 1964 will be 2 billion 783.7 million TL. and this amount means in increase of 19.7 % over 1962

The value added in 1964 is 1 billion 995.6 million TL. and thus 6.5 % over the value added in 1963.

The total investments to be made in the mining sector are shown on table 26.

Total Investments in Mining

TABLE : 26 *(Thousand TL.)*

	Foreign Currency	Total
General and Annexed Budgets	9.700	47.969
Revolving Fund	—	9.000
Local Administrations	—	1.000
State Economic Enterprises	206.736	451.265
Private Sector	67.842	240.000
Total	**284.278**	**749.234**

COAL AND OTHER MINERALS

1. PRESENT SITUATION

The situation of the coal and other minerals in 1962 and in the first six months of 1963 may be summed up as follows :

The estimated level in bitumunous coal production was not attained even though production and sales in this field exceeded the level of 1961.

Owing to the shortage of demand not all the capacity in lignite mining was used; consequently production did not reach the estimated level.

Good results were obtained from the prospection and mineral evaluation work conducted by the Mineral Research and Prospecting Institute and the miners on the iron ore deposits which make up the basic raw material of the second iron-steel industry under construction in Eregli. Production could not reach the expected level because domestic consumption has not yet increased enough and the export of large quantities is impossible with the high costs of transportation in Turkey.

The demand was not met because of low capacity even though copper production was somewhat above the estimate and the entire stock was immediately sold. New copper deposits with possibly important reserves were discoverd.

The 1962 production and sales in the borate mining industry achieved 47 % above estimate. In spite of the low cost of our production, the suitable quality of our ores (espacially in borax production), the large demand in European markets, sales in proportion to our potential are not realized for lack of a good sales organization. No important development in the erection of refineries in the country was recorded.

Production and sales were above estimates in the sulphur industry. There is no likelyhood of any important increase in sulphur production, in spite of the favourable demand, unless new deposits are discovered. Consequently all efforts are directed toward maintaining the present production level.

In pyrite mining also production and export levels are realized. Mainly from one mine. No advantage is held by pyrite which is of necessity mined together with the pyrites extracted with the Ergani cooper minerals at Ergani copper mine, owing to the lack of sales possibility and domestic use.

Demand for chromium ores is decreasing steadily, although the estimated level was exceeded in the 1962 production and 74,4 % of it was exported. A certain proportion of exports was realized through previcusly contracted sales and a further proportion through the barter agreement concluded with U.S.A. New sales consists of very small tonnages. There is no indication of any future rise in the demand for chromium ores in spite of all efforts. Under the circumstances most of the chrome mines were closed from mid-1962, and few mines still active in 1963 lowered their level of production to a minimum.

Very little increase was recorded in mercury production. The results obtained from the studies conducted by the Mining Assistance Commission are promising for the future of mercury mining.

The lead and zinc mining industries show conditions suitable for further development and they have recorded some development in 1962 and 1963.

Production and sales of antimony concentrates have more than doubled their estimates. New developments are expected.

Manganese production remained below estimate. Available information indicates that no important developments are to be expected.

Energy production in 1962 was somewhat above estimate. Following the changes made in the Mining Law in 1963, an increase in production and export for the rest of the year and in the future and the recapture of old markets are to be expected.

Significant development has been observed in marble production and export.

One of the most important developments of the year is the discovery of many phosphorite deposits in Turkey as a result of the scientific research and field studies conducted by te Mining Assistance Commission. Reserves are considered sufficient to meet the whole of the country's need.

An important provision contained in the "Export Regulations Governing External Trade" dated July 4 th, 1963, relating to the 1963 implementation of the plan and export of minerals is the exemption from registration of minerals to be exported. This provision is expected to stimulate mineral exports.

Mineral production for 1962 is shown in Table 27.

Mineral Production in 1962

TABLE : 25

Minerals	Product. Estimates (Thousand tons)	Production	
		Weight (Thousand tons)	Value (Thousand TL)
Antimony	1.5	3.4	4 420
Copper (blister)	25.0	25.8	141 900
Barytes	—	1.9	95
Borates	65.0	113.9	13 668
Mercury	0.082	0.92	3 680
Zinc (concentrated, hand sorted and coasted)	6.0	7.0	840
Lead (concentrated)	12.0	6.8	910
Iron ore	850.0	772.7	23 187
Fluoride	—	0.6	294
Phosphorite	—		
Chromium	400.0	424.4	42 440
Sulphur	30.0	18.5	9 250
Meerschaum	0.82	0.082	820
Bituminous coal	3 900.0	3 893.0	432 120
Lignite	3 150.0	2 979.0	145 950
Manganese	41.0	21.0	2 415
Magnesite	1.0	9.7	485
Marble (blocks & sheets) thousand m³	16.0	16.0	8 000
Pyrit	110.0	107.5	9 630
Emery	8.0	3.4	204
Mineral Water (1000 Lt.)	8 200.0	8 200.0	2 774
			853 075

2. 1964 Demand Estimates and Production Targets

The country's mineral ores are marketed as extracted from the ground, except for the 25 thousand tons of manganese to be used by the Karabuk Iron-Steel industry, the 25 thousand tons of chromium ore to be consumed by the electro-metallurgical industry, the whole of the bituminous coal, copper, sulphur and mercury production and a large portion of the iron, lignite and antimony output. Sales depend on the state of the foreign industry utilizing the country's ores, on prospects of competition with other iron ore sellers, and especially on the initiative of the purchasers.

Demand and production estimates for coal and other minerals are shown in Table 28. These forecasts are based on available information on production capacities, exports, domestic consumption and national reserves, relating to each particular mineral.

The production of a mineral may depend on one or more of the factors mentioned above. For example, copper production depends only on production capacity, borate production on export possibilities, and any increase in iron ore output depends on both domestic consumption and export possibilities.

Although there is a great demand for blister copper and refined sulphur at attractive prices, there does not seem to be any possibility of raising the level of production to meet this demand owing to the inadequacy of our present producion capacity. To increase capacity would not be economically feasible because of the in sufficiency of known reserves of the respective mineral deposits. The figures given in the table of Demand and Production Estimates for copper and sulphur do not indicate the real demand but only the production capacities. The state of the mercury, lead, zinc, meerschaum and antimony mining industries is similar to this. The inadequacy of detailed geological studies and prospections carried out on located deposits of these minerals up to the present has meant that, in important reserve discoveries or mining developments have been recorded; thus the figures given in the table relating to these minerals show the potential production of the country and not the demand.

Relatively few industrial minerals and rocks were included in the table, the studies and prospections carried out on minerals and rocks which could help our economy considerably through domestic use and exports together with the information derived from them being hither to inadequate.

A part from this, the absence of expert sales techniques causes the export out lets to lag behind production is spite of known reserves of emery, chromium and borates, the development work already completed, and the production capacity of these deposits. The figures in the table relating to these minerals show production according to demand estimates.

A very large proportion of iron ore production will be consumed domestically and only a very small volume will be exported. In reality, iron is one of the cheapest ores. Turkish iron ore, Because distances in Turkey and the high cost of transport and harbourage is not competitive enough to have good export prospects. The figure for iron in the table shows the production that will be made in relation to demand.

Capacity in the lignite industry is above the present demand. Production is being adjusted to the demand and kept at a low level. On the other hand, in view of the fact that present capacity is much below the 1964 requirement, it is necessary to stimulate capacity on condition that distribution of production is operative.

The present production capacity of bitiminous coal is at a level which enables to meet demand. The figures recorded in the table for lignite and bitumious coal are demand estimates, equivalent production will also be possible. (In Table 42 showing demand and supply in the 1963 program the entry of

3,8 million tons is for lignite of calorific value 3400 KCal/Kgm.). The 4 million tons recorded in the 1964 program represent lignite of 4.100 KCal/Kgm, which corresponds to the average calorific value of all lignite to be produced in Turkey during that year. The estimated 3.8 million ton 1963 production corresponds to 3,151.000 tons according to the 1964 basis.

1964 Demand and Production

TABLE : 28

Minerals	Demand (Thousand tons)	(Thousand TL.) Value Production	1962 production = 100 (ratio of the 1964 production targets to the actual production of 1962)
Antimony	4	5.200	117
Copper (blister)	25	137.500	97
Boryte	5	250	263
Borates	120	18.000	105
Mercury	0.150	6.000	163
Zinc (concentrated, hand sorted and coas.)	15	1.800	214
Lead (concentrated)	32	4.180	470
Iron ore	1.500	45.000	194
Fluoride	2	946	333
Posphorite	50	2.500	—
Chromium	300	30.000	69
Sulphur	20	10.000	108
Meerschaum	0.115	1.150	140
Bituminuous coal	4.220	468.420	108
Lignite	4.000	200.000	134
Manganese	50	5.750	238
Magnesite	45	2.250	464
Marble (blocks and sheets thousand m³)	20	10.000	185
Pyrite	100	9.000	93
Emery	10	600	294
Mineral Water	10.000	1.070	122
Total		**959.616**	

As evident from the last column of table 28, large increases are expected in the production of some minerals in comparison with 1962. Among these boryte, fluorite, manganese, and magnesite may be cited as minerals with increasing fields of use.

After an increase in foreign demand, important developments occurred at the end of 1962 in zinc mining, in which the ore obtained is mainly in carbonate form, and it is anticipated that this will continue through 1963 and 1964. Average quality zinc-lead ore is being exported only after separation by hand, owing to the limited total capacity of Zinc-Lead concentration installations in Turkey. Lead concentrates and zinc-lead mixed ores have been considered together in the table because of the limited amount of Lead Concentrates obtained from the installations. One of the reasons for the large increase expected in 1964 is the favorable development in this field of mining, and another is the unreliability of figures relating to the production of previous years.

Production of manganese ore for 1964 has been estimated at over twice that of 1962, in view of increasing demands from the domestic Iron-Steel industry and possibilities for high-grade manganese ore, although there are no known major deposits suitable for the production of good quality manganese ore such as is demand on world markets.

With the exception of chromium, the rise in mineral production will remain consistent in 1964 as may be seen from Table 28. Although 3.8 % rate of decrease appears when the 1964 production table is compared with the targets of the 1963 program production in reality a 10.2 % rate of increase occurs.

In the calculation of the 1963 production values, the prices operative at the sales location of the particular mineral have been taken as a basis. Thus for minerals other than mineral water and coal, transport expenses have been added to the value. The expenditure tax of 30 % levied only on the domestic sales of copper, whether consumed or exported has been added to all copper sales. The price estimates of 1963 for many minerals such as chromium borates and iron are high.

As a result of all the above factors the production values for 1963 proved to be quite high.

In spite of a drop in the production of chromium, which occupies an important place in our export list, the values for 1964 production total 959 million liras with an excess of 88.9 million liras over 1963, and record an increase of 10.2 per cent. When approximate transport expenses and the expenditure tax for copper are deducted and sale prices are accepted as being the same as the average prices at the production site, the total of the 1963 production values will be 870.7 million liras.

3. INVESTMENTS :

A total of 309.9 million liras will be invested in the mining sector (not including petroleum sector) in 1964.

The need for investment has been estimated quite low for local administrations because of the scarcity of important deposits being mined by them and the reservation of thermal springs for the medical and tourism sector. No important investments in the private sector are expected for 1964, for the reason that stagnation in the export of most minerals is still continuing and that sufficient studies have not yet been conducted on these minerals which are exportable.

TABLE : 29 **Investments in Coal & Other Minerals** *(Thousand TL.)*

	Foreign Currency	Total
General and Annexed Budget	8.920	44.695
Revolving funds	—	9.000
Local Administrations	—	1.000
State Economic Enterprises	59.175	205.268
Private Sector	30.000	50.000
Total	**98.095**	**309.963**

4. THE EFFECT OF FOREIGN TRADE :

a. Imports

The mining sector needs machinery, equipment and some materials to be imported in 1964, the total cost of which will be around 12 million dollars. Distribution of this amount is given in the appendix to the program under the heading Investment Projects.

b. Exports :

The drop in chromium exports is expected to continue for some time. The export of minerals which are not processed or consumed domestically will continue in proportion to the opportunities provided by foreign demans.

TABLE : 30 **Mineral Exports**

Minerals	Weights (1000 tons)	Value (1000 $)	Index Export of 1962 as = 100 (weight)
Antimony	4	620	160
Copper (Blister)	12.5	7.500	87
Baryte	4	110	
Borates	100	2.400	113
Mercury	0.150	660	230
Zinc	15	330	681
Zinc-lead	20	480	816
Iron ore	150	1.170	88
Chromium	300	6.600	86
Lead (concentrated)	2	40	
Meerschaum	0.115	130	230
Manganese	24	480	107
Magnesite	30	310	689
Pyrites	100	1.100	90
Emery	10	130	118
Total (dollars)		**22.060**	
Total (thousand TL.)		**198.540**	

5. VALUE ADDED :

The production values given in Table 28 may be accepted as nearly equal to the value added.

6. MEASURES :

a. Action will be speeded in zoning the country into regional areas of mining rights in order to provide facilities, speed and reliance in the allocation of mining rights and bringing legal disputes down to a minimum.

b. Other legal provisions which tend to impede mining will be repealed.

c. Legal measures will be taken to enable the Mining Department, where there is a shortage of qualified and experienced staff to employ a sufficient number of the trained personnel needed to carry out the duties outlined in the foundation law of the Ministry of Industry and the Mining Law.

d. The necessary technical assistance will be provided to increase the capacity of the mines, the products of which can be exported or consumated domestically by the Mining Department which will soon posses an adequate organization.

e. The establishment of a Mining Bank with the aim of providing the necessary financial assistance to mines which need and deserve it, will be undertaken and treated as a priority project for the year 1964. When established, this bank will :

(1) Accept mines as security and without asking for any additional guarantee provide credit at low interest rates appropriate to the nature of mining.

(2) Through measures of control and statute ensure that the credit allocated is invested exclusively in such activities as :

Development, installation of necessary equipment and machinery, operation, concentration of the ore extracted smelting, transport and sale of products in the case of the particular mine.

(3) Employ qualified technical staff to provide technical assistance in both the adoption of the measures mentioned in paragraph (2) and the preparation of mine evaluation reports which will form the bases for credit allocations.

(4) Put aside a sufficient annual risk fund to be used for such matters as mapping, carrying out necessary technical operations, experiments and analyses of samples etc. likely to be needed for the verification of any project for the purpose of obtaining credit and the preparation of a dependable mine evaluation report. An additional sources of 30 million liras will be appropriated to establish the bank under conditions of priority.

f. There is a great need for reliable data on the geological formation of the country in order to locate mineral resources with the minimum of risk. It is essential that the Mineral Research and Prospecting Institute should :

(1) Public the results of all studies conducted.

(2) Prepare and publish larger scale maps within the shortest possible time, the geological maps at present available are far from adequate to the needs.

(3) Start preparing geological maps of the regions most favorable for mining, using the 1/25.000 scaled maps of the General Directorate of Cartography as base maps.

g. In geological studies, prospecting and explorations conducted by the Mineral Research and Prospecting Institute, priority will be given to minerals which are domestically consumable, or eğportable, or both. Minerals such as lead, zinc, copper hard coal, mercury, phosphorite, and meerschaum will be given prior consideration. Time and money must not be wasted on studies which cannot usefully and economically be completed within the shortes possible time.

h. The Ministry of Industry will direct the necessary studies for the complation of the reserve estimates in the various categories of mineral deposit owned by the country.

i. The commercial attaches and counselors assigned abroad will in relatio to the various ores extracted and consumed there, communicate to th ministries of Commerce and Industry, the State Planning Organization, and th Union of Turkish Miners whatever information they are able to gather on suc subjects as ore production, consumption, specifications, price movements an price and demand estimates for the coming year. Information on chromiu is to be communicated to the Committee of Turkish Chromium Producers.

j. The Bolkardag lead mine will come under the auspices of the Etiban and additional exploration work will be conducted if necessary in accordanc with policy decisions.

k. The Etibank should conduct all the necessary studies an investigations in the various favourable regions of the country, in order t decide on the locations of custom concentrators and smelters, and issue a repo on the matter designed to encourage the mining of lead, zinc and coppe deposits of which are believed to promise a high potential.

PETROLEUM INDUSTRY

1. PRESENT SITUATION :

The results obtained in 1962 in the production and consumption petroleum products ore shown in Table 31.

The 1962 effective production & consumption of Petroleum Products

(Thousand to

TABLE : 31

Petroleum Products	Production	Consumption
Gasoline	545.5	610,4
Motorine oil	778.6	737,6
Kerosene	403.5	397,9
Fuel oil	1.117.3	421,2

2.864.3 thousand tons of crude petroleum were used for the producti of petroleum products, as indicated in Table, 31 592 thousand tons of wh were produced domestically.

There has been a decrease in the production of crude petroleum, gasoline and fuel oil. However, an increase of 3,4 % was recorded in motorine oil production and an increase of 45,8 % in kerosene production, compared with the estimates for 1962.

Consumption figures for the principal petroleum products are above the 1962 estimates. The increase in gasoline, kerosene and motorine oil is 1 to 3 %, and in fuel oil it is 27.6 %. New refineries went into production in 1962. It may be seen from Table 31 that there was a surplus in some petroleum products; consequently diesel oil, motorine oil and similar products valued at 6 million dollars were esported in 1962. These were also important items in previous years.

Demand estimates related to this sector were made according to the needs of Energy, Transport and Chemical Industry sectors in the light of past trends and with sufficient consideration to the temporary effects on these items of the last tax increase.

The new sale prices adopted as of March 1, 1963 have not eliminated the conditions causing the rapid rise in motorine oil consumption. It is therefore realized that gasoline consumption in 1964 will not reach the level foreseen in the first five year development plan.

TABLE : 32 **Demand for Petroleum Products** *(Thousand Tons)*

	1964	Index (1962 = 100)
L. P. G.	10.0	250
Gasoline	595.0	117
Kerosene	490.0	123
Motorine oil	892.0	121
Marine Diesel	130.0	—
Fuel oil (No. 5-6)	1.310.0	311

In order to meet the demand figures, the refineries will be adjusted to obtain maximum mid-products and the demands which are not covered by the products of domestic crude petroleum will be met with the products of imported crude petroleum.

TABLE : 33 **Petroleum Products** *(Thousand Tons)*

	1964	Index (1962 = 100)
L. P. G.	20.0	333
Gasoline	756.0	138
Kerosene	476.6	117
Motorine	939.0	121
Marine Diesel	77.0	
Fuel-oil (No. 5)	183.0	142
Fuel-oil (No. 6)	1.407.0	
Asphalt	122.0	135

To obtain these products it is estimated that 4.183 thousand tons of crude petroleum will be needed and that 864 thousand tons of it will be met bey domestic production (The estimated amount of crude petroleum needed for 1964 is 146, assuming 1962 need as 100)

It is anticipated that no other produces will be imported in 1964 to meet the fuel needs of the country, as the above only products will meet the demand. It will be necessary to import only aviation and jet fuel (7 million Turkish liras worth).

Developments recorded in domestic production are promising although the crude petroleum production of Turkey is not sufficient for the need. It is estimated that around 40 million dollars worth of crude petroleum will be imported in 1964 and 13.5 million dollars worth will be produced domestically.

Surplus products from the imported crude petroleum processing refineries will be exported. The export value of these is expected to be 7 million dollars.

3. INVESTMENTS :

The total 1964 investments in the petroleum industry are 448.0 million liras, the distribution of which is shown in Table 34.

Petroleum Investments

TABLE : 34 *(Thousand TL.)*

	Foreign	Total
General and Annexed Budgets	780	3.274
State Economic Enterprises	147.558	245.997
Private Sector	37.842	190.000
Total	**186.180**	**439.271**

4. VALUE ADDED :

The added value of the petroleum industry is shown in table 35.

Value Added in the Petroleum Sections

TABLE : 35 *(Thousand TL.)*

Production Value	Production Expenditures	Value Added	Index (1962 = 100)
1.829,1	793,1	1.036.0	133

5. MEASURES :

a. Necessary measures to meet the need for mid-products will be taken in refineries. In addition it is necessary to take measures through tax and price regulations to prevent any rises in the consumption of these products which seem above normal.

b. Measures will be taken to provide similar conditions for production and sale organizations within this section, where the state and private enterprises function side by side. State and private enterprises will have equal means, particularly, in satisfying the need for qualified personnel and manpower and in importing the required mechinery and equipment.

MANUFACTURING INDUSTRY

In this section, the manufacturing industry has been studied as a whole and overall problems are considered. The situation, problems, and measures envisaged in each sub-sector are outlined in the relevant sections.

1. PRESENT SITUATION :

The value of production, imports and exports in manufacturing sectors in 1962 is shown in Table 36.

Production, Imports and Exports in Manufacturing Sectors, 1962

TABLE : 36

(Million TL.)

Sector	Value of sales	Imports CIF	Exports FOB
Food	5.497.0	233.6	1.080.0
Beverage	358.0	1.05	1.7
Tobacco	1.663.0	—	865.6
Textile Clothing	5.075.0	4.0	20.1
Wooden products	184.0	32.2	8.8
Paper	371.0	60.0	—
Printing	200.0	—	—
Rubber	105.0	192.0	—
Chemicals	1.130.0	796.0	33.9
Non-metallic products	502.8	90.9	1.2
Basic Metal industries	836.0	435.9	79.0
Metal products	943.0	90.0	0.5
Machinery except hand tools	250.0	982.0	0.03
Electrical Machinery	300.0	115.0	—
Transport Equipment	423.0	773.0	—
Plastic processing	240.0	—	—
Agricultural Implements	88.6	39.0	—
Total	**18.166.4**	**3.834.65**	**2.090.83**

Aggregate consumption in such sectors as food, beverages, tobacco, textiles, clothing, printig, plastic processing, metal products, was met almost wholly by demostic production in 1962 and certain exports took place. A large part of the consumption was also met by internal production in the case of wooden products, paper, chemicals mon-metallic products, iron-steel, and metallurgy, agricultural implements, and electrical machinery, appliances and supplies.

In rubber, manufacture of machinery, transport equipment, and other sectors imports exceed internal manufactures. Total investments of 2.161 million TL. in manufacturing are forecast for 1963. The following sectors are expected to show development in 1963; iron, steel and metallurgy , paper, manufacture of machinery, rubber, agricultural machinery, electrical machinery and supplies and transport equipment. It is estimated that the value of production in manufacturing will amount to 20.2 billion TL. in 1963 and that the Index for value added will rise to 115.6 (1962 = 100).

Turkey's manufactured products are little known. Manufacturers do not publicize their goods sufficiently nor do they provide enough data on capacity and the kinds of products manufactured. Even in the government department concerned, the available data does not cover total capacity and output in manufacturing or other relevant information.

The customs duties paid on certain products are lower than those imposed on the raw and auxilary materials or other components of the same product. This handicaps the competitive status of home-manufactured products, based on imported raw and auxiliary materials or components, and therefore impedes the development of internal manufacturing.

There are sufficient laboratories to undertake quality control. It should be possible to apply quality control in such laboratories and this ensure better quality in products.

The fact that imports of certain public enterprises are duty-free creates unfair sales and competition conditions for the same branches of manufacturing in the private sector.

Import substitution possibilities in the manufacturing industry are much greater than the actual replacement which takes place today. At present, although they are manufactured in the country, certain products are still imported. In the case of many others, it is possible to pass to the economic reasons. It should be possible to remedy this situation by carrying out small public investments to eliminate bottle-necks and by extending operational credit facilities to the private sector.

The distribution of equal import allocations to firms has disadvantages. Under this system, items which have not started production are also given allocations with the result that operating firms are not able to use their full capacity. Raw materials and components should be allocated in priority to the most efficient manufacturers selling at the most economical prices.

Import of the plant components and facilities which could be manufactured internally strains the already limited foreign exchange resources, inhibits the development of domestic industry and in some cases results in facilities being set up at greater costs. Starting from the project stage and continuing through the stages of production and assembly, consideration should be given to the desirability of producing domestically those parts and components of factories which can actually be so produced.

With the further development of the industry, the export of manufactured goods should be considered. Law 261 became effective in 1963. It governs the measures in production taxes to be taken by the government in fostering exports will increase the exports of manufactured goods. To obtain the best use of these facilities the government decree necessary for the implementation of this law will be prepared in a short time. In this respect it is expected that Turkish enterpreneurs will exert greater efforts.

The inadequacy of the organization which is responsible for carrying out studies in connection with industry, for defining policy and taking rapid appropriate measures hinders the realization of the measures envisaged in the plan. The consequence of insufficient knowledge of the kinds of manufactures actually produced or capable of being produced within the country is that in many cases products which could be manufactured internally are imported. Owing to lack of adequate statistics it is not possible to know what the requirements of the industry are or the habits which impede development, and the appropriate remedial measures cannot be taken.

2. 1964 ESTIMATES OF PRODUCTION AND IMPORT - EXPORTS

Table 37 shows the estimated value of total production, imports and exports in the various branches of manufacturing in 1964.

Estimates of Production, Imports and Exports in Manufacturing in 1964

TABLE : 37

(Million TL.)

Major Groups	Production	Imports (CIF)	Exports (FOB)
Food	6.553.0	255.0	1.200.0
Beverage	565.0	1.1	3.0
Tobacco	1.860.0	—	756.0
Textile, clothing	6.030.0	5.0	30.0
Wooden products	284.0	25.0	17.0
Paper	436.0	82.0	—
Printing	256.0	—	—
Rubber	288.0	22.3	—
Chemicals	1.415.0	880.0	46.0
Non-metallic products	689.0	100.0	1.8
Basic metal industries	1.637.4	532.5	165.7
Metal products	1.340.0	87.0	1.0
Machinery except electrical machinery	613.7	784.5	—
Electrical machinery	361.3	135.7	—
Transport equipment	599.0	205.0	—
Plastic processing	240.0	—	—
Agricultural implements and machinery	327.6	38.0	—
Total	**23.495.0**	**3.153.1**	**2.220.5**
Index (1962 = 100)	**129.3**	**82.2**	**106.2**

3. VALUE ADDED

Indices of estimated value added in the main manufacturing sectors in 1964 (1962 = 100) are shown in Table 38. There is a general increase in the share of value added in the capital goods industry within the total value added in manufacturing.

Value Added in Manufacturing in 1962 and Estimates for 1964

TABLE : 38

Major Groups	1964 Index (1962 = 100)	Value added as per cent of total value added in manufacturing	
		1962	1964
Food	130	19.0	19.2
Beverage	153	3.5	4.1
Tobacco	98	10.0	7.6
Textile, clothing	114	29.5	26.2
Wooden products	128	1.2	1.2
Paper	117	3.1	2.8
Printing	127,5	1.0	0.9
Rubber	146	1.2	1.4
Chemicals	132	5.1	5.2
Non-metallic products	150	3.7	4.2
Basic metal industries	128	8.6	8.6
Metallic products	119	6.7	6.2
Machinery (except hand tools)	517	1.7	4.2
Agricultural implements and machinery	406	0.4	1.4
Electrical machinery	206	1.5	1.6
Transportation equipment	138	2.1	3.8
Plastic processing	136	1.7	1.8
Total	**129.5**	**100.0**	**100.0**

4. INVESTMENTS

Total investments in manufacturing industry in 1964 will be 2.452 billion TL. Of this amount 1.374 billion will be realized by the private sector and 1.78 billion by the public sector. The distribution of these investments in shown in Table 39, their foreign currency requirements in Table 40. Total foreign currency requirements are 1.14 billion TL., of which 464 million TL. are for the public sector and 677 million TL. for the private sector.

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5. MEASURES

a. State Economic Enterprises and organizations with revolving capital should take effective steps to publicize their products and their activities and to increase their sales.

b. The Ministry of Industry and the Union of Chambers of Commerce

Industries	General and Annexed Budget	Organizations with Revolving Capital	State Economic Enterprises	Local Administrations	Total Public Sector	Private Sector	Total Investments	Plan Figures for 1964
Meat and Meat Products	—	—	8.343	11.50	19.843	3.000	22.843	22.843
Dairy Products	—	600	13.535	—	14.135	3.000	17.135	17.470
Animal Feed	—	—	—	—	—	1.200	1.200	3.500
Canning	250	—	—	—	250	5.750	6.000	5.900
Flour	—	—	—	—	—	10.000	10.000	10.000
Sugar	—	—	52.700	—	52.700	—	52.700	61.700
Vegetable Oils	—	—	16.562	—	16.562	10.700	27.262	26.000
Tea	33.386	—	—	—	33.386	—	33.386	51.670
Beverage	23.003	—	—	—	23.003	38.000	61.003	40.000
Tobacco	48.546	—	—	—	48.546	10.000	58.546	96.600
Textile and Clothing	—	—	68.952	—	68.952	100.000	168.952	167.400
Forestry Products	—	17.410	—	—	17.410	13.000	30.410	37.750
Paper	—	—	91.300	—	91.300	14.000	105.300	104.600
Printing	1.000	2.000	16.000	—	19.000	2.000	21.000	—
Chemical Products	13.000	—	211.550	—	224.550	246.188	470.738	594.100
Rubber	—	—	—	—	—	56.000	56.000	86.800
Plastic Processing	—	—	—	—	—	9.000	9.000	9.400
Non-Metallic Products	—	—	155.800	—	155.800	49.000	204.800	101.350
Iron-Steel and Metallurgy	—	—	183.600	—	183.600	515.760	699.360	587.900
Metal Products	—	—	28.700	—	28.700	15.000	43.700	31.400
Machinery	837	—	26.000	—	26.837	74.000	100.837	173.200
Agricultural Machinery and Implements	—	—	1.350	—	1.350	14.450	15.800	15.600
Electrical Machinery	—	—	—	—	—	67.000	67.000	67.000
Ship Building and Repair	1.000	—	15.741	—	16.741	5.000	21.741	21.500
Highway Vehicles	—	—	—	—	—	82.000	82.000	57.600
Railroad Rolling Stock and Repair	—	—	20.000	—	20.000	—	20.000	49.600
Small Industries and Handicrafts	12.000	—	—	3.500	15.500	30.000	45.500	—
Aircraft Repair	—	—	—	—			—	29.400
Total	**133.022**	**20.010**	**910.133**	**15.000**	**1.078.165**	**1.375.048**	**2.452.213**	**2.468.360**

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TABLE : 40

Foreign Currency Requirements of Manufacturing Investments

(Thousand TL.)

Industries	General and Annexed Budget	Organizations with revolving capital	State Economic Enterprises	Local Administrations	Total Public Sector	Private Sector	Total
Meat and Meat Products	—	—	365	—	365	1.000	1.365
Dairy Products	—	300	10.000	—	10.300	500	10.800
Animal Feed	—	—	—	—	—	—	—
Canning	—	—	—	—	—	2.000	2.000
Flour	—	—	—	—	—	5.000	5.000
Sugar	—	—	26.197	—	26.197	—	26.197
Vegetable Oils	—	—	2.964	—	2.964	5.876	8.840
Tea	3.150	—	—	—	3.150	—	3.150
Beverage	4.050	—	—	—	4.050	10.000	14.050
Tobacco	24.782	—	—	—	24.782	1.000	25.782
Textile and Clothing	—	—	35.634	—	35.634	46.000	81.634
Paper	—	—	42.085	—	42.085	8.600	50.685
Printing	—	—	930	—	930	1.000	1.930
Forestry Products	—	5.980	—	—	5.980	4.000	9.980
Rubber	—	—	—	—	—	20.000	20.000
Plastic Processing	—	—	—	—	—	6.000	6.000
Chemical Products	6.020	—	142.170	—	148.190	103.810	252.000
Non-Metallic Products	—	—	62.928	—	62.928	26.500	89.428
Iron-Steel and Metallurgy	—	—	66.100	—	66.100	300.000	366.100
Metal Products	—	—	15.800	—	15.800	5.100	20.900
Machinery	315	—	11.000	—	11.315	50.000	61.315
Agricultural Machinery and Implements		—	350	—	350	7.000	7.350
Electrical Macninery		—	—	—	—	20.000	20.000
Ship Building and Repair		—	1.550	—	1.550	1.900	3.450
Highway Vehicles	—	—	—	—	—	36.000	36.000
Railroad Rolling Stock and Repair	—	—	1.200	—	1.200	6.000	7.200
Small Industry and Handcrafts	—	—	—	—	—	10.000	10.000
Total	38.317	6.280	419.273	—	463.870	677.286	1.141.156

will issue publications giving information on manufacturers and manufactured products in Turkey.

c. Scaling of customs duties and taxes so that the rates imposed may be ower for raw materials than for auxiliary materials and highest for manufacured products will be considered, provided that International Agreements are borne in mind.

d. The products to which quality control could be applied in existing laboratories will have been determined and the organization which will be in charge of this will have been established and its functions defined by March 1964, at which date application of quality control will begin.

e. Differences arising from economic structure and taxes will be considered in the purchases of domestic products to be made by the public sector, and comparison with import products will be made on this basis. The principles to be applied in this connection will be drawn up jointly by the Ministry of Finance and Industry and the State Planning Organization and will be made public before the end of March 1964.

f. The main consideration in the allocation of import licenses for raw materials and components will be the economic efficiency and sales prices of manufacturers.

g. Foreign exchange allocations to firms in assembly industries for the import of parts will be arranged in such a way that these firms will be able to prepare their annual programs in advance.

h. In order to prevent any expansion of assembly industries in which satisfactory competition prevails, the establishment of any new firms in addition to existing plants or those under contruction will not be permitted.

FOOD, BEVERAGES AND TOBACCO INDUSTRY

1. BASIC PROBLEMS

a. The demand for products of the food industry in Turkey is generally low. Purchasing power is low, and owing to the characteristics of the social structure the greater part of foodstuffs is prepared in households. As a result of this and of the fact that fresh foodstuffs are sold in all seasons, the internal market for processed foodstuffs has not yet developed sufficiently.

b. There is no utilization of many of the by-products and residues of the food industry. This situation prevents a fall in costs.

c. The price ceiling system which has been applied extensively for many years is another factor which has hindered the development of this industry. This system of fixed price ceilings has had the effect of penalizing quality production and has prevented the quantitative and qualitative development of production in many fields.

d. No effective organization for the control of processed foodstuffs regard to quality and health standards exists. Regulations in this respec to inadequate and cannot be enforced; in some cases they act as obstacl the industry.

e. There are no standard technical requirements for food proce establishments, and therefore certain short-term enterprises which not attach importance to quality production have emerged on the ma This situation impedes the development of modern industrial establishn and leads to higher costs.

f. The industry experiences difficulties in finding skilled workers particularly medium-level technical personnel.

2. MEASURES

a. Standardization and quality control of foodstuffs will be made effective. For this reason, the present Foodstuff Regulations will be cha and new regulations conforming to the world food code and to condi in Turkey will be prepared to determine the required processing and pa ing norms and cases in which foodstuffs can be detrimental to health.

b. Separate regulations will be prepared to lay down the necessary nical conditions for new processing establishments .

c. In order to be able to control foodstuffs and food-processing p more effectively, the Ministry of Agriculture will reorganize those of it vices which are concerned with nutrition and the food industries.

d. In order to meet the requirements of food industries for medium technical personnel, consideration will be given to opening vocational nut schools in the appropriate centers.

e. Price ceilings on foodstuffs (excluding bread) will be lifted. Maxi prices will be applied only if strictly necessary by the Ministries of Comr and Agriculture after costs have been taken into account, and Law No. will be amended accordingly.

MEAT AND MEAT PRODUCTS

1. PRESENT SITUATION

a. Problems

Although livestock numbers are high, meat production and consum is low in Turkey and a modern meat industry has not yet been built up. yields and quality are low; besides the effects of the policy of imposing ceilings, this is largely due to the fact that producers have no knowled rational methods of livestock breeding. With the lifting of price controls were detrimental to both producers and consumers, the first step will be in 1963 towards the creation of a modern meat industry. Then it shou possible to price meat according to grades and to encourage cattle fatter

Work is proceeding on the determination of standards for carcases and cuts. Both butchers and consumers however have insufficent knowledge of meat grading. After quality standards have been determined, courses must be opened so that butchers and consumers may be educated by various media.

Another problem is the low rate of utilization of meat by-products. Of these, only intestines, skins and offals are used and blood and bones are mostly wasted. Importance should be attached to the production of meat, bone and blood meals which are important animal feeding stuffs.

While it was estimated that an average of 27,000 tons of blood could have been recovered from slaughterings in 1962, the actual figure obtained from the Meat and Fish Organization was 525 tons. Of this, only 232 tons were converted into meal.

Although reliable figures are not available, it is estimated that 50 per cent of Turkey's meat production comes from (private) slaughterings which do not take place in slaughterhouses.

Another important problem is that instead of meat, live animals are transported and waste and losses ensue. In the transport of live animals, besides loss of weight and deaths, another cost-increasing factor is feeding and upkeep expenses.

b. Present Situation

(1) Capacity

There has been no increase in 1962 in the slaughtering capacity of the Meat and Fish Organization, nor in that over which it has no control.

As seen from Table 41 the Organization's capacity is far from being fully utilized.

Rate of Utilization of the Capacity of the Meat and Fish Organization
(1962)

TABLE : 41

	Rate of Utilization
Slaughterings (*)	64.5
Frozen Storage	14.5
Cold and frozen storage	72.0

Source : Meat and Fish Organization

(*) Capacity figures have been calculated on a 365 day. However in some places available capacities can not be fully utilized.

(2) Production and Consumption

The breakdown of total meat production in 1962 is shown in Table 42.

Meat Production and Consumption, 1962

TABLE : 42 *(Tons*

	Private Slaughterings	Slaughterhouses	Meat and Fish Organization	Total	Per Capita Consumption (kg.)
Bovines	22.737	78.816	9.507	111.060	3,775
Buffoloes, young buffoloes	10.289	9.855	51	20.195	0,686
Sheep, Lambs	88.103	66.187	3.135	157.425	5,352
Black goats and kids	77.888	17.831	—	95.719	3,254
Mohair goats and kids	8.915	2.560	—	11.475	0,390
Hens, turkeys and chicken	35.589	—	—	35.589	1,209
Total	**243.521**	**175.249**	**12.693**	**431.463**	**14.666**

(a) The poultry production figure is that of the Statistics Institute.

56 per cent of total production is from private slaughterings, 41 per cen from slaughterhouses and 3 per cent from the Meat and Fish Organization.

In 1961 and 1962 meat exports amounted to 10 tons and 4.4 tons respectively. In addition, 107 tons of pigment were exported in 1962. In order t export meat, it is necessary to raise quality and to intensify the campaig against animal diseases.

Only certain by-products are utilized at present. The private secto appears to be interested in setting up facilities for processing by-products.

Since such meat preparations as sucuk (sausage), pastirma (dried meat are manufactured in small establishments, it has not been possible to comput total production. In the production of salami, sausage and sucuk, stress is lai mainly on quality improvements.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

The meat production to be obtained in 1964 from slaughterhouses an from the facilities of the Meat and Fish Organization is estimated at 230.00 tons. The Organization will account for about 30.000 tons of this. Per cap demand for meat in 1964 is estimated at 15,8 Kg. and total demand at 491,00 tons. This means that about 47 per cent of total production will have to b provided by private slaughterings. Meat exports will remain insignificant.

3. VALUE ADDED

Value added in meat production in 1964 is estimated to amount to 13 million TL.

4. INVESTMENTS

No definite information exists on the size of investments to be made b the private sector in the meat and meat by-products industry.

The establishment of plants processing blood and bones is particularly desirable. Investments by the Meat and Fish Organization in 1964 will amount to 16.5 million TL.

5. MEASURES

a. The Meat and Fish Organization generally buys its supplies from two sources : producers and meat exchanges. The Organization will make the greater part of its purchases in the East, where animal husbandry is the main economic activity. In order to protect the interests of both producers and consumers in large consumer regions, the Organization will buy either from exchanges or from producers' markets if no exchanges exist. The Organization will also concentrate its purchases on the regions where animal smuggling takes place.

b. The purchasing policy of the Meat and Fish Organization will be directed towards encouraging cattle fattening. To this end, the setting-up of cattle fatteners' cooperatives will be assisted and cooperation will be established between the Organization, State Farms, and other agencies concerned.

c. Importance will be attached to the processing of by-products. The Meat and Fish Organization will study means of establishing a plant for the processing of glands collected from the Meat and Fish Organization combines and from urban slaughterhouses.

d. Means will be studied for processing bones into meal in urban centres. Studies will be made for a project envisaging the establishment of a bone meal plant in Kayseri, where because of pastirma production supplies of bones are plentiful. A further step to be considered is that the meat purchased by official institutions should be already boned.

e. The Ministries of Agriculture and Commerce, the Universities, and the Union of Chambers of Commerce will collaborate in studies on meat grading, which are to be completed within the program period.

f. Training courses in meat grading and other relevant subjects will be provided for butchers and means of educating the consumer in this respect will be considered.

g. Means of utilizing to the full the capacity of the Meat and Fish Organization combines will be sought. Possibilities of supplying the meat requirements of nearby towns from these combines will be explored.

h. Considerable losses occur in the transport of animals on the hoof, and this raises costs. The transport of meat, instead of live animals, will be considered. For this purpose the transport facilities of the Meat and Fish Organization will be made available to the private sector.

DAIRY PRODUCTS INDUSTRY

1. PRESENT SITUATION

Although milk production is a widespread and important area of production and source of food in the country, full use cannot be made of it owing to insufficient processing facilities and marketing organizations. As a result of this, milk and dairy products are scarce in some regions and partly wasted in others. Milk yields per cow are low. In addition, price ceilings and the fact that manufacturers have insufficient knowledge cause the quality of products to remain at a low level. Milk and dairy products fetch high prices in some regions because of the scarcity of production and for the reasons stated above.

a. Capacity

Though an overall increase has been observed in the production of dairy products, there are no accurate figures for the rate of increase of individual products. The private sector seems disposed to invest in this branch of industry. A fact that deserves attention is the tendency to select better locations for investments.

b. Production and Consumption

As dairy products are processed by widely differing establishments, reliable production figures are only for milk powder and pasteurized milk. The production of other dairy products is deduced from consumption estimates.

The production figures given in Table 44 are real, in the case of milk powder and pasteurized milk only, the rest being estimates.

Production and Consumption of Dairy Products, 1962

TABLE : 44 *(Tons*

	Industrial Production	Total Production	Per Capita Consumption (kg.
Pasteurized Milk	3,838	3,838	0,130
Powdered Milk	286	286	—
Yogurt	130,000	600,000	20,0
Butter	5,200	95,000	3,2
White Cheese	61,000	61,000	2,0
Hard Cheese	11,400	11,400	0,390

Pasteurized milk production is slow tc develop as milk continues to b sold by itinerant vendors.

Powdered milk is not of the desired quality and is expensive; this impede the development of production, which fell by 37 per cent in 1962 against it former level of 454 tons in 1961.

The most important development in this sector in 1963 is the establis ment forecast in the plan drawn up by the Turkish Milk Industry Organizatio

With a view to the better utilization of milk output, this organization, which is about to start its activities has been entrusted by a special law with the task of setting up plants incollaboration with producers, to guide and lead the private sector and to provide for the balanced distribution of milk production among regions.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

1964 production estimates for milk products are shown in Table 45.

Estimated Production of Dairy Products in 1964

TABLE : 45

(Tons)

	Industrial Production	Total Production	Production per head of population (kg.)
Pasteurized Milk	7,000	7,000	0,240
Powdered Milk	600	600	—
Yogurt	176,000	650,000	21,0
Butter	5,000	90,000	3,0
White Cheese	73,000	73,000	2,300
Hard Cheese	17,000	17,000	0,560

3. VALUE ADDED

Value added in this sector in 1964 is estimated to be 330 million TL.

4. INVESTMENTS

An investment of 13.5 million TL. will be made in 1964 by the Milk Industry Organization. It is expected that this investment will be financed by UNICEF and from other sources.

This investment will be particularly designed to enhance the value of milk production and of heavy consumption in areas where supply exceeds demand as in the Eastern regions.

On the basis of reliable information, private investments in various provinces are also expected.

5. MEASURES

a. The Milk Industry Organization will establish close contact with milk producers. This obligation requires the industry to start with a healthy structure and to establish sound working principles. These requirements will be borne in mind and producers will be encouraged to form cooperatives, in which funds should attain high enough levels for the purchase of plants which will then be transferred to these cooperatives.

TABLE : 46

1964 Expenditures

(Thousand TL.)

	Total	In foreign currency
Revolving capital	300	600
State Economic Enterprises	110.000	13.535
Total of public sector	10.300	14.135
Private sector	500	3.000
Total investment	10.800	17.135

b. The Milk Industry Organization will provide a training program to meet the need for technical personnel. It will also carry out inspections of products for which there may be an export demand.

FEED INDUSTRY

1. PRESENT SITUATION

The feed industry, which is important for the development of animal husbandry and for the utilization of farm by-products, is not yet working a full capacity. This is due in part to the fact that certain plants have only recently begun producing while the low level of demand for the products of the feed industry (owing to other factors impeding the growth of animal industry) must also be taken into consideration. Present trends promise large-scale development in the industry in future years.

(a) Capacity

Capacity, which was 39.000 tons in 1960, has risen to 70.500 tons with the opening of the Izmir plant in 1961 (7,500 tons), and the Eskişehir (6,000 tons), Bandırma (10,000 tons) and Mersin (7,500 tons) plants in 1962.

The rate of utilization of capacity in 1962 was 21 per cent. If the 1963 production is estimated at 24.000 tons, this rate will rise to 34 per cent.

(b) Production and Consumption

The feed production of the Feed Industry Corporation in 1961 and 1962 was 10,788 and 17,373 tons respectively and is estimated to be 24,000 tons i 1963.

Consumption in 1961 and 1962 was 10,055 and 16,493 tons respectively Feed consumption is increasing in particular in cattle fattening regions. Th varieties of feed consumed in 1961 and 1962 are indicated below in tons :

	1961	1962	Percentag Increase
Poultry feed	5.224	8.128	55
Feed for small and large livestock	4.831	8.365	73
Total	**10.055**	**16.393**	**64**

In order to increase sales, industrial feed will be given to producers as credit in kind. In the first six months of 1963, 11.306 tons of fodder were sold. It is estimated that this amount will reach 30,000 tons by the end of the year.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

Production and consumption of industrial feed in 1964 is estimated to be 35.000 tons. Expansion is not expected to take place till the later plan years. The activities of the Milk Industry Organization are expected to have a favorable effect on consumption.

3. VALUE ADDED

Value added has been estimated at about 9 million TL. for 1964.

4. INVESTMENTS

As raw materials are easily available in the feed industry, regional operation of plans permitting economies in transport will make it possible to reduce costs. Accordingly in preparing designs and projects for new plants, various alternatives will be kept in mind.

5. MEASURES

The most important problem in the feed industry is to increase consumption. For this reason aminal breeders will be encouraged to use more feed. For the same purpose producers' cooperatives will be encouraged and measures for transfering existing establishments to these cooperatives will be studied.

FRUIT AND VEGETABLE CANNING INDUSTRY

1. PRESENT SITUATION

This branch of industry is established in large consumption centers such as Istanbul. For this reason, the manufacturor processes, not raw materials of the required type and quality, but those that are available. Raw materials which it is necessary to process without delay lose their quality during transport and through waiting. Although a trend toward establishing facilities in satisfactory locations can be observed, this is not proceeding at the rate desired.

On the other hand the production of fruit and vegetables which are of kind suitable for canning has not yet developed. The promotion of this type of production is handicapped by the fact that fruit and vegetable producers lack the necessary technical knowledge and that the output of the industry is still on a small scale.

The inadequacy of processing techniques, and deficient and obsolate equipment, impede high quality production.

Most of the plants were set up with small capacities, and costs are therefore high. High prices keep the low level of demand from increasing. Availability of fresh fruit and vegetables on the market throughout the year is another reason for the low level of demand.

Another reason for high costs is that in many canning factories today the sorting and classification of fruit and vegetables is done by hand which necessitates a large number of employees rather than by economical and labour-saving machines.

Unused capacity is general in the canning industry. However, there is a continuous increase of capacity in the production of fruit juices and tomato concentrates.

The output of various products in 1962 is shown in Table 47.

Canning Production, 1962

TABLE : 47

Canned fruit and vegetables	Number of cans	5.130.000
Tomato Concentrate	„	1.215.000
Ready food preparations	„	474.745
Pickles	„	26.000
„	Kgs.	159.000
Fruit, jame and pollies	„	144.770
„	Number of cans	126.600

Source : Ministry of Industry

Owing to the shortage of primary materials, canned fruit and vegetable production in 1962 was somewhat lower than that of previous years. The very high production of 1961 (about 7 million cans) may also have exerted a certain restraint on output.

Canned food exports are insignificant. Foreign demand is particularly concerned with tomato concentrates and canned fruits.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

Taking per capita demand for canned food to be 250 gr. in 1964, total demand is estimated to amount to 7.8 million cans. Production is assumed to be equal to demand.

Tomato concentrate production in 1964 is estimated to amount to 2 million cans. Demand for vacuum-canned concentrate is increasing. The availability of low quality but cheap tomato sauce on the market is regarded as one of the factors limiting the demand for canned products. 1964 production estimates are given below :

Tomato concentrate	2.000.000 Cans
Tomato juice	120.000 "
Food preparations	500.000 "
Pickles	100.000 "
"	150.000 Kgs.
Fruit jams and jellies	1.200.000 "
"	500.000 Cans

3. INVESTMENTS

The private sector is known to be willing to invest amounts expected to be in the region of 7.000.000 TL. in the canning industry in 1964, with the emphasis on fruit juices. No new investments will be made by the public sector and only unfinished projects will be completed.

4. VALUE ADDED

The value to be added in 1964 in the fruit and vegetable canning industry is estimated at 15 million TL. Value added from the processing of fruit such as raisins is not included in this figure.

5. MEASURES

a. In order to produce the necessary raw materials of the desired quality, importance will be given to the reproduction of the relevant seeds in the farms and experimental stations of the Ministry of Agriculture.

b. The scope of the work of the Canning Research Institute established in Bursa for the purpose of carrying out research on canning and disseminating its results among producers and manufacturers will be enlarged.

CEREAL PRODUCTS INDUSTRY

1. PRESENT SITUATION

The demand for factory-produced flour is rapidly increasing. The higher quality of this flour, compared to that of the primitive grindstone mill product, increases demand among the rural population for factory flour and flour products. Under the influence of urbanization and population increase, wheat flour is replacing other types of flour. Capacity has therefore increased rapidly during recent years.

One of the important problems of the flour industry is how to improve flour quality and standards. Standardization of flour is important for flour processing plants.

There has been no marked improvement in the production of flour from rice, lentils, rye, and oats, which are important for the manufacturing of baby foods.

The flour paste industry is developing, but more convenient locations should be selected in order to decrease costs.

The improvement of the quality of bread creates a problem. Among the factors which affect the quality of bread are the need for higher quality standardized flour, the fact that loaves have to be of a precise weight, and that skilled workers must be employed. The humidity and differing quality of the flour is another factor which makes for quality differences. Weight should be adjusted so as to be high enough not to increase costs and low enough not to lower quality.

Unhusked rice is generally subjected to crude processes, and the quality of this rice is therefore low. According to statistics, production by modern methods accounts for little over 15 per cent of the total. This shows that there is a vast potential for establishing rice husking mills.

(a) Capacity

The capacity of the grain processing industry is generally on the increase. This increase is particularly noticeable for flour, bread, paste, and biscuits.

Capacity increase in flour plants is shown in Table 48.

Capacity in Flour Industry
(WHEAT)

TABLE : 48 *(Day/Tons)*

	as at July 11, 1962		as at June 1963		Capacity increase in one year
	Number of Plants	Capacity	Number of Plants	Capacity	
Wheat processing	291		309		
Daily capacity		8.915		9.683	768
Annual capacity					
300 days		2.674.500		2.904.900	230.400
330 days		2.942.000		3.195.400	253.440
Flour production (80 per cent extraction rate)					
Annual capacity					
300 days		2.139.600		2.323.920	184.320
330 days		2.353.600		2.556.320	202.752

Source : Office of Soil Products.

42 per cent of capacity was used in 1962. Capacity is increasing fast in some regions. Because of inadequate control, competition in the industry is at the expence of quality. The fact that the grinding mill capacity is sufficient should be kept in mind in decisions affecting new investments.

(b) Production

The output of cereal products and by-products is shown in Table 49.

Output of Cereal Products, 1962

TABLE : 49 *(Tons)*

Products	Output
Wheat flour	1.069.092
Rice flour	1.195
Paste	38.607
Biscuit	11.175
Rice	25.009
Starch	7.613

Source : Ministry of Industry

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

Since the demand for grain products is met from various sources, it is rather difficult to estimate demand and production in these products. Turkey is a country where cereal consumption is high; it is therefore assumed that per capita consumption will not increase as a whole and that the demand for products such as cracked wheat will even decrease. On the other hand, per capita demand for products such as rice, paste and biscuits is likely to increase. For certain products, while consumer demand remains at the same level, there is discrimination in favor of quality products.

1964 production estimates are shown in Table 50.

Production Estimates for Grain Products, 1964

TABLE : 50 *(Tons-Thousand TL.)*

Products	Volume of Production	Value of Production
Wheat flour	1.200.000	1.200.000
Rice flour	1.200	4.080
Rice	30.000	7.500
Paste	40.000	80.000
Biscuit	14.000	50.000
Starch	14.000	23.800
Total		1.365.380

Production is consumed entirely within the country.

3. INVESTMENTS

There is a keen desire for investment in the grain products industry, in which there are no public investments. Private investment in certain branches will be scaled to ensure that the rate of utilization of capacity does not fall. Requirements will have to be carefully essessed and locations carefully determined.

4. VALUE ADDED

The value added in the grain products industries in 1964 is estimated to amount to about 130 million TL. Value added from flour has been estimated in the plan at 100 million TL. for 1963. Therefore the value added of 130 million TL. for all grain products may be considered a low estimate for value added from this sector. The reason why the figure is not higher is that actual flour demand is lower than the plan figure.

5. MEASURES

a. Bread production should not be of a single type as it is at present. The possibility of permitting the production of different kinds of bread along with the production of a standard type of bread made from flour with a high extraction rate is being explored.

b. The offical organizations concerned with the development of animal husbandry should provide bran as credit in kind to animal breeders and particularly to cooperatives.

SUGAR INDUSTRY

1. PRESENT SITUATION

The adjustment of sugar production to consumption was envisaged in the plan. Owing to the difficulties encountered in exporting sugar, this principle began to be applied in the 1963 program.

World sugar prices in 1963 rose almost fourfold and there were certain amounts of exports. These temporary and exceptional conditions are not such as to effect the principle set forth in the plan.

(a) Capacity

Present capacity is sufficient to meet consumption in 1964 and will increase to 411.000 tons with the opening of the Kastamonu mill in the 1963-64 season. Consumption in 1964 is estimated to amount to some 440.000 - 450.000 tons. Capacity must be increased to meet requirements in coming years. This may be achieved by expanding certain of the existing mills rather than by setting up new ones.

(b) Production

The crystal and lump sugar production of 16 mills in the 1962 season is shown in Table 52.

TABLE : 52

1962 - 1963 Sugar Production

Processed Beets	Crystal Sugar		Lump Sugar		Total	
(Thousand tons)	(000 tons)	000 TL.	(000 tons)	000 TL.	(000 tons)	000 TL.
2.730.767	322.470	806.176	67.276	188.373	389.746	994.549

1963 sugar production is estimated at about 425.000 tons. 113 thousand tons of molasses were obtained in 1962. On the basis of 15 kuruş per kilo production value thus amounted to 17 million TL. Export prices are far in excess of this value.

(c) Prices and Costs

While there has been no change in sugar and beet prices, the cost of production of sugar has gone up from 174 kr/kg in 1961 to 188.6 kr/kg in 1962. The main reason for this is the reduction in sugar production leading to higher fixed costs per unit and the lower yield of sugar from beet. While sugar yield from beet was 15 per cent in 1961, in 1962 it had gone down to 14.3 per cent. The sugar content of beet is related to climatic factors.

Total consumption increased to 361.000 tons in 1962 as against 332.000 tons in 1961. 1963 consumption is estimated to amount to about 400.000 tons. Thus the sugar consumption levels anticipated in the plan have been surpassed.

A total of 134.649 tons of sugar was exported in 1962 to reduce stocks.

In early 1962, world sugar prices dropped to their lowest level in the last twenty years. In 1962-63, however, the fall in sugar production in Europe and particularly in Cuba led to a sudden jump in prices, which reached the record level of $ 275 per ton. Prices dropped a little at the end of the first half of 1963 and 1964 prices may be expected to be around $ 150 - 180 per ton.

In early 1963, exports of 10.000 tons of sugar at $ 258 per ton were recorded. Certain quantities may be exported later in 1963.

2. 1964 PRODUCTION TARGETS AND DEMAND ESTIMATES

On the basis of a 14.1 kilo per capita consumption total, consumption in 1964 is estimated to be some 440.000 tons. As a result of changes in consumption habits and of urbanization, sugar consumption may surpass estimates.

In order to meet a demand of this magnitude the production target should be about 500.000 tons.

3. VALUE ADDED

Value added in this sector in 1964 is estimated to be 565 million TL.

4. INVESTMENTS

Total investments of 52.7 million TL. will be made by the State Economic Enterprises. The foreign exchange requirements of these investments are estimated to be 26.2 million TL.

The 1964 investment program of the Turkish Sugar Company consists of certain capacity-increasing, cost-reducing and maintenance investments.

Capacity increases in the Alpullu, Susurluk, and Amasya plants will be studied and extensions will commence this year.

5. MEASURES

a. In order to make better use of sugar by-products, free distribution of molasses and of beet cake to non-members of sugarbeet cooperatives will be discontinued.

b. The molasses used in the alcohol industry should be revalued on the basis of market prices and if necessary the price of alcohol should also be readjusted.

c. Sugar will be exported if foreign prices are favorable and if no losses are likely to be incurred by the Treasury.

VEGETABLE OIL AND MARGARINE INDUSTRY

1. PRESENT SITUATION

Owing to the rudimentary facilities of most vegetable oil factories, yields are low and part of the edible oil is lost in processing or used as industrial Storage facilities for oil exports and imports are non-existent or inadequate which results in higher costs. Insufficient processing capacity causes certain kinds of oil to lose their quality through prolonged storage. The occasional lack of supplies of raw materials for margarine also has a negative effect on the industry.

a. Capacity

Although precise information on production capacity in vegetable oils is not obtainable some data on the rate of utilization of capacity are available.

The 1961 olive crop was processed with great difficulty and the normal campaign of two and a half months extended into five months. The delay caused the acidity of the olives to increase and quality fell.

Capacity must be increased and in particular modern methods must be employed in this industry. For sunflower seeds, on the other hand, the capacity cannot be fully used owing to the shortage of raw materials.

b. Production and Consumption

Vegetable oil production in 1961 and 1962 is shown in Table 53.

Vegetable Oil Production

TABLE : 53 *(Tons)*

	1961	1962	Percentage Increase
Olive. Oil	119.500	56.400	— 53
Cotton Seed Oil	45.000	53.500	19
Sunflower Seed Oil	22.000	13.500	— 39
Opium Seed Oil	7.100	7.600	7
Sesame Oil	3.000	3.000	—
Total	**196.600**	**134.000**	**— 32**

Olive oil production in 1961 rose to a record level. Due to adverse weather conditions and periodicity the 1962 crop fell by 53 per cent. The influence of weather conditions was felt in Mediterranean countries, particularly in Spain, which is the leading olive producer, and total olive oil production in 1962-63 was 30 per cent lower than that of the previous year.

The fall in the production of sunflower oil was due to the damage caused by broomrape. The distribution of seeds resistant to broomrape is continuing. Production of sunflower seeds is expected to increase in coming years.

Sesame is losing its importance as a raw material for oil, and seeds are being used to an increasing extent in the making of meal and pastry.

The amount of oil derived from peanuts and soya beans in Turkey is negligible.

Olive oil is the only vegetable oil which is exported. Exports in 1961 and 1962 were 907 tons and 23.000 tons respectively. Certain quantities of soya bean and cotton seed oil are imported.

Exact figures for vegetable oil consumption are not available.

Margarine consumption is rising within total fat consumption. The deficiencies occurring now and then in the supply of raw materials for margarine prevent production from developing at the desired rate. On the other hand in view of the fact that liquid oil prices have risen, no recent increase in the per capita consumption of vegetable oils can be observed.

Margarine production in 1961 and 1962 is shown in Table 54.

Margarine Production

TABLE : 54 *(Tons)*

1961	1962	Percentage Increase
54.958	79.566	45

Source : Statistics Institute for 1961 Figures.
Ministry of Industry for 1962 Figures.

Margarine consumption is increasing. Assuming that total production is consumed, per capita consumption in 1961 was 1.92 kg. and in 1962 2.7 kg.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

Production estimates for vegetable oil in 1964 are shown in Table 55.

Production Estimates for Vegetable Oil

1964

TABLE : 55 *(Tons)*

	Tons	Percentage Increase over 1962
Olive Oil	90.000	60
Cotton Seed Oil	53.500	—
Sunflower Seed Oil	16.000	18 5
Opium Seed Oil	9.400	24
Sesame Oil	3.000	—
Total	**171.900**	**28**

It is estimated that exports of 20.000 tons of olive oil will take place in 1964. If per capita oil consumption in 1964 is taken to be 7.6 kg., total consumption will be 236.500 tons. After deduction of olive oil exports, supplies in 1964 will amount to 151.900 tons and 84.600 tons will have to be imported. Margarine production in 1964 is expected to be 90.000 tons.

3. VALUE ADDED

Value added in vegetable oil production in 1964 is estimated to amount to 250 million TL. Total value added in vegetable fats with the addition of 90 million TL. from margarine will be 340 million TL.

4. INVESTMENTS

The construction of the Ordu soya oil factory will be continued in 1964 and the Kilis olive oil combine will be completed. No information on private investments is available.

It is necessary to modernize and increase the number of olive oil production facilities. To offset the insufficiency of storage facilities, "Bulk Terminals" will be established in İstanbul and İzmir, which are the main import and export centers. 1964 investments are shown in Table 56.

1964 Investments

TABLE : 56 *(Thousand TL)*

	In foreign currency	Total
State Economic Enterprises	2 964	16 562
Private Sector	5 876	10 700
Total	**8.840**	**27.262**

5. MEASURES

a. Measures will be taken to prevent the marketing of adulterated vegetable oils

b. Liquid oil requirements will be taken into account in the allocation of soya oil imports to the margarine industry.

TEA INDUSTRY

1. PRESENT SITUATION

Raising quality, lowering costs and disposing of stocks are the problems with which this industry is faced.

Poor quality is due mainly to the fact that the supplies of raw materials are not of the desired quality and that processing facilities and personnel are inadequate.

It has not been possible to prevent tea producers from bringing to the factory leaves which are not suitable for processing. One of the reasons for this is that about 40 - 45 per cent of the yearly crop is harvested in one fortnight in May.

With the opening of new areas to tea cultivation and the improvement of yields, tea production is rapidly increasing and outstepping consumption. Owing to the low quality of the internal crop, tea imports have been necessary and exports have not proved feasible. This raises the problem of mounting stocks.

Production costs which are above world prices must be lowered while at the same time raising productivity at farm and industry levels.

(a) Capacity

With the completion of the Derepazari tea processing plant in 1962, capacity for processing fresh leaves rose from 585 tons per day at the end of 1961 to 605 tons.

The technical and economical drawbacks of carrying tea leaves over long distances necessitate the setting up of processing plants in regions of production and counters for the purchase of tea must be located at a distance of not more than 20 km from these plants. This distance in areas of the tea growing regions where investments are envisaged is as much as 70 km. Until the Kalkandere, Ortapazar, Fındıklı and Arhavi plants, the establishment of which is proposed in the plan, are opened, the setting-up of temporary workshops to operate in these areas is being considered. This will bring capacity up to 685 tons a day for the 1964 season. However, 70 per cent of this capacity is on a let-cut basis and 30 per cent only on a withering basis. Manufacture on a let-cut basis causes deterioration in the quality of the tea. Withering facilities, which are cheap and easy to operate, should be increased as much as possible. The "CTC" and other processing methods which have lately been employed on a wider scale in the tea industry must be tested and priority must be given to meeting the machinery requirements of the industry.

(b) Production

Production in 1962 was of 37.541 tons of fresh and 8.579.906 kg. of processed tea leaves. The increase over 1961 figure of 5.662.7 tons of processed tea production is 51.5 per cent. The increase in production is due to the extension of the cultivated area and higher yields.

The 1963 dry tea production is expected to be about 10.600 tons, which is the equivalent of 48.000 tons of fresh tea.

(c) Demand

Tea consumption was 8.406 tons in 1961 and 9.076 tons in 1962. This increase in consuption is 8 per cent, which is a little lower than the average rate of increase in preceding years.

Per capita consumption in 1962 has risen by 5 per cent, also at a slightly lower rate than hitherto, rising from 294 gr. in 1961 to 308,6 grams.

2.464 tons of tea were imported in 1962. After sales are deducted from the figure of 11 million kg. resulting from manufacture plus imports, 1.968 kg. of stocks remain in hand, bringing the total amount of Monopoly stocks transferred to 1963 to 10.000 tons. Being of low quality, these stocks cannot be exported and will have to be consumed internally.

On the basis of 1962 consumption figures, per capita and total consumption in 1963 is expected to be 330 gr. and 10.000 tons respectively.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

Consumption in 1964 is expected to be 345 gr. per capita and 10.700 tons in total. Dry tea production in 1964 is expected to be about 12.000 tons, the equivalent of 53.000 tons of fresh tea.

Production is sufficient to meet demand, though a certain amount of imports for blending purposes are necessary.

Apart from the tea manufactured under pressure in May, tea which is carefully processed is of an exportable quality. External prices however are about two thirds of internal cost prices.

3. VALUE ADDED

If value added per kilo of tea is also taken to be 25 TL. in 1964, total value added is estimated at about 300 million TL. The value of production will be 480 million TL.

4. INVESTMENTS

Work on the seven tea factories to be established will proceed in 1964. The construction of these factories and of a packaging plant, with complementary investments, will represent the sum of 33.386.000 TL. to be invested by the General Directorate of Monopolies in the 1964 program period.

5. MEASURES

a. The fact that the cultivation of tea and the industrial aspects of tea-making are in different hands has certain negative results. The factories will therefore be set up as a separate public enterprise and tea growing will be under its control.

b. The machinery and equipment requirements of the factories will be re-examined in the light of recent technical changes in the tea industry; withering facilities in particular will be through to an adequate level.

c. The plants under construction will be completed as rapidly as possible and no further temporary workshops will be set up.

d. Priority will be given to preparing the project for tea packaging facilities, keeping in mind alternative location sites, and construction will be started in 1964.

e. Stress will be laid on quality control in tea-processing plants and workshops and steps will be taken to carry out laboratory and tasting tests.

f. Leaves which are not suitable for processing will not be bought. The characteristics of the leaves to the purchased will be determined and made known to producers before the 1964 season.

g. Foreign experts will be called in if necessary to train the personnel of tea factories, and other training media will be used.

h. In 1964, at least three different brands of tea will be marked. Tea will continue to be sold at its present price, which meets the needs of a large consumer group, and at the same time both an inferior and a superior blend will be available.

i. There will be a difference in the purchase price of tea in the period up to the end of May 1964 and in the subsequent period.

j. Leaf yields per decare (dönüm) are steadily increasing. Stockpiling and experts are not possible at present prices. The producer prices of tea will therefore have to be lowered. The subsidies at present granted to producers under legislation affecting tea growing, which have now fulfilled their purpose, will have to be discontinued for the same reason. A demonstration farming system will be set up in order to facilitate the application of yield-increasing methods, and these farms will receive every necessary farm of support.

ALCOHOLIC BEVERAGES

PRESENT SITUATION

In beer production the main problem is that insufficient capacity prevent output from equalling demand.

In the production of wine, the problems are raising exports and quality and lowering costs. Because of low quality and insufficient capacity Turkish wines are used for blending purposes in Europe and exports do not increase rapidly.

Export of raki and vodka show promise, but exports cannot be increased as these beverages are produced by the Monopolies and the capacity of their plants is not equal to internal consumption alone.

(a) Capacity

There has been no change in beer and malt capacity in the las two years. The two breweries with a normal capacity of 20 million litres were unable to meet demand in 1962, although they exceeded their capacity by 69 per cent.

The malt production capacity of the two breweries is 4.900 tons. Th capacity of the İstanbul plant is being raised from 2.600 tons to 5.600 tons and beer capacity will likewise be enlarged to bring production up to 32 million litres. As no change is to be made in the Ankara plant, total normal capacity will amount to 38 million litres at the end of 1964. By forcibly speeding rates of work however the two breweries may produce 60 million litres. The cons truction of the Yozgat brewery is proceeding and will be completed in 1966 The private sector furthermore is showing interest in the setting up o breweries.

Raki capacity is also deficient and production exceeded normal capacit by 7 per cent in 1962. The extension of the Gaziantep distillery was begun i 1963 and the capacity of this plant will be increased from 300.000 litres t 2.5 - 3 million litres. Capacity will be increased by a further 500.000 litres wit the installation of a rakı - distilling plant in the Tekirdağ winery in 1964

There has been no capacity increase in other beverages, which sh certain amount of unsed capacity.

(b) Production

Production of the various alcoholic beverages in 1962 is shown in Tab 57.

Production of Alcoholic Beverages,
1962

TABLE : 57 *(Thousand L*

	Monopolies	Private	Total
Beer	33 761 6		33 761 6
Malt	4 902		4 902
Wine (*)	10 500	22 183	32 683
Brandy	309		309
Vodka	1 270		1 270
	473 7		473 7
Gin	46 6		46 6
Raki	13 258 6		13 258 6

(*) Including vermuth

Source : Monopolies.

(c) Consumption

Consumption in 1962 in shown in Table 58.

Consumption of Alcoholic Beverages, 1 9 6 2

TABLE : 58 *(Thousand Litres)*

	Monopolies	Private	Total
Raki	13.822	—	13.822
Vodka	1.276	—	1.276
Gin	42.7	—	42.7
Brandy	370	—	370
Liqueurs	508	—	508
Beer	32.265	—	32.265
Wine (*)	4.608	17.158 (*)	21.766

(*) Including vermouth

The consumption of certain beverages remains below demand owing to insufficient capacity. Consumption per head is shown in Tablo 59.

Per capita Consumption of Alcoholic Beverages, 1 9 6 2

TABLE : 59 *(Litres)*

Raki	0,470
Vodka	0,043
Gin	0,001
Brandy	0,012
Liqueurs	0,017
Beer	1,097
Wine	0,740

1962 exports are shown in Table 60.

1962 Exports of Alcoholic Beverages

TABLE : 60 *(Litres)*

	Monopolies	Private Sector	Total
Raki	11.929	—	11.929
Vodka	5.795	—	5.795
Liqueurs	1.081	—	1.081
Wine	2.117.684	104.000	2.221.684

Exports of raki and vodka are increasing. A high proportion raki exports is purchased by the U.S.

Since Turkish wine prices are above world prices, exports are stagnant. As can be seen from Table 60, the private sector accounts for only 4.6 per cent of total exports. Since the capacities of private wineries are small, their cost are high, and with their limited means of production they cannot satisf external demand. The yield of vineyards per acre being low, grape prices are high. Owing to fluctuations in crops of wine grapes, vintners are sometime forced to buy their grapes from remote regions and to pay high transpor costs.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

Production estimates for the different alcoholic beverages in 1964 are given in Table 61.

1964 Production Estimates for Alcoholic Beverages

TABLE : 61

(Thousand Litres

Beer	36.000
Wine	28.000
Raki	15.000
Vodka	1.500
Liqueurs	525
Brandy	400
Gin	50

According to expectations, 3 million litres of wine will be exported i 1964, and raki exports will show some increase.

3. VALUE ADDED

Value added in the alcoholic beverages industry in 1964 is estimated a about 380 million TL.

4. INVESTMENTS

No information on private investments in this industry for 1964 available. The proposed establishment of two breweries by the private sect is now almost definite. Investments by the General Directorate of Monopoli for maintenance and completion of capacity enlargement of raki and bee plants will amount to 19 million TL. The breakdown of 1964 investments shown in Table 62.

1964 Investments

TABLE : 62

(Thousand TL

	In Foreign Exchange	Total
General and Annexed Budget	4.050	23.003
Private Sector	10.000	38.000
Total Investments	14.050	61.003

5. MEASURES

a. The General Directorate of Monopolies will attach importance to lowering wine costs in order to increase wine exports.

b. Consideration will be given to allowing the private sector to distill alcohol from inferior wines, on condition that this alcohol be used only for further processing in the private sector.

TOBACCO PRODUCTS INDUSTRY

1. PRESENT SITUATION

Cigarettes and allied products are produced in Monopoly factories. Some of the machinery of these factories is obsolote and not suitable for quality production. As capacity is insufficient, costs are high and yields are low. The great variety of cigarette brands also increases costs. Tobacco leaf curing and processing units are also inadequate, both technically and in their capacity. Certain investments are envisaged to remedy this situation and its adverse effects on quality.

Capacity in cigarettes and similar products has been increased in recent years by installing additional machinery in plants. Capacity in 1961 and 1962 is shown in Table 63.

TABLE : 63 **Capacity in Cigarette Industry**

Factories	1961	1962
Cibali	9.684	9 820
İzmir	6.732	6.732
Adana	3 737	3 479
Malatya	4.401	4.401
Samsun	4 344	4 641
Bitlis	921	1 036
T o t a l	**29.819**	**30.109**

Source : State Monopolies Administration

1962 production figures show that plants worked at 20 per cent above capacity. This was possible through extra working hours but the increased wages also raised costs. Production in 1961 and 1962 is shown in Table 64.

TABLE : 64 **Output of Tobacco Products**

	1961	1962	Percentage rate of increase
Cigarettes	28 915	31.566	9
Tobacco	3 525	4.354	23.5
Others	129	123	—5
T o t a l	**32.569**	**36.043**	**10.7**

Source : Monopolies.

Consumption of cigarettes and other tobacco products is shown in Tab
65.

TABLE : 65

Consumption of Tobacco Products

	1961	1962	Percentage rate of increase
Cigarettes	28.329	29.689	4.8
Tobacco	3.557	3.989	12
Others	122	122	—
Total	**32.008**	**33.800**	**5.6**

Source : Monopolies.

Per capita consumption rose from 1.119 kg. in 1961 to 1.149 kg. in 1962 an increase of 30 grams or 2.7 per cent.

Tobacco leaf exports in 1961 and 1962 are shown in Table 66.

TABLE : 66

Tobacco Leaf Exports

	1961	1962
Tons	86.762	88.850
Dollars	86.973	95.912

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

With the increase in prices of cigarettes in 1963, consumption in the first half of 1963 decreased in comparison with that of the corresponding period o 1962. Monopoly proceeds however were somewhat higher. The decrease i consumption was only temporary and was seen to be related to the period o stockage which elapsed before the price increase was applied. Demand a production in 1964 are estimated to amount to about 36.000 tons.

Tobacco loaf exports are expected to amount to some 60.000 tons in 1964 and bring in foreign exchange earnings of 84 million dollars.

3. VALUE ADDED

Value added in the production of cigarettes and allied products in 1964 is estimated to amount to 500 million TL.

With the addition of a further 200 million TL. from the processing o tobacco leaf, total value added will amount to 700 million TL.

4. INVESTMENTS

The investments to be made by the Monopolies in 1964 are shown i Table 67.

1964 Investments

TABLE : 67 *(Thousand TL.)*

	Foreign Exchange	Total
General and Annexed Budget	24.782	48.546
Private Sector	1.000	10.000
Total Investments	25.782	58.546

5. MEASURES

a. The number of brands of cigarette will be reduced to ensure cost reduction.

b. Studies on the promotion of cigarette exports will be instituted.

TEXTILE AND CLOTHING INDUSTRY

1. PRESENT SITUATION

a. Cotton

Yarn and cloth production in this branch of industry at the end of 1962 is shown below

(1) Yarn

Capacity in cotto nyarn is shown in Table 68.

(2) Cloth

Cotton cloth capacity is shown in Table 69.

TABLE : 68

Cotton Yarn Production Capacity

	Number of Spindles								
	Public Sector	%	Mixed Enter-prises	%	Private Sector	%	Total	%	Capacity Ton/Year
In operation	212.888	28.2	80.120	10.5	467.618	61.5	760.626	100	98.881
Under Construction	21.504	30	22.000	30.5	28.260	39.5	71.764	100	9.329
Total	**234.392**	**28.2**	**102.120**	**12.3**	**495.878**	**59.5**	**832.390**	**100**	**108.210**

Source : Sümerbank for public sector and mixed enterprise figures.

Private sector figures are taken from the memorandum of May 3, 1962 published by the Committee of the Consultation Department on Cotton of the Ministry of Agriculture.

Capacity in Cotton Cloth

TABLE : 69

	Number of Looms								Capacity	
	Public Sector	%	Mixed Enter-prises	%	Private Sector	%	Total	%	Thousand meters/yr.	Tons years
In operation	4.672	28.5	1.366	8.6	9.781	61.9	15.819	100	554.000	66.500
Under construction	504	17.6	600	21	1.752	61.4	2.856	100	100.000	12.000
Total	**5.176**	**27.7**	**1.966**	**10.5**	**11.533**	**61.8**	**18.675**	**100**	**654.000**	**78.500**

Source : Sümerbank for public sector and mixed enterprise figures.

— Private sector figures are taken from the memorandum of May 3, 1962, published by the Committee of Consultation Department on Cotton of the Ministry of Agriculture

(3) Production

Output of cotton yarn and cotton cloth in 1962 is shown in Table 70.

TABLE : 70

Cotton Yarn and Cloth Production, 1962

	Cotton Yarn (Tons)	**Cotton Cloth (1000 meters)**
Public Sector	28.124	158.208
Private Sector (*)	66.000	375.000
Total	**94.124**	**533.208**

(*) The output of hand [illegible] is shown under the private sector.

Production of cotton yarn and cloth in 1962 was only slightly higher than that of 1961. The average number of yarns used in 1962 was however higher and the cloth texture was therefore finer.

Production of cotton yarn in the public sector during the first four months of 1963 amounted to 12.000 tons and of cotton cloth to 68.063 million meters.

These figures are higher by 2.6 per cent for yarn and by 6.3 per cent for cloth than corresponding figures in 1962. The difference in the percentage increase between cloth and cotton is due to the higher number of yarns and to the fact that threads are more closely interlaced.

About 88 per cent of cotton yarn production is used for making cloth and cotton materials. The rest is assumed to be processed into different articles such as towels, tricotcloth, sewing and embroidery thread. About 10 per cent of the cotton thread used in weaving is processed by hand looms.

b. Wool

Yarn and cloth production in the wool industry at the end of 1962 is shown below.

(1) Yarn

Capacity in woollen yarn is shown in Table 71.

(2) Cloth

The number of wool-weaving looms at the end of 1962 is shown in Table 72. Production capacity in woollen cloth is shown in Table 73.

Woollen Yarn Production Capacity

TABLE : 71

Type of Yarn	Public Sector	%	Private Sector	%	Total	%	Capacity Ton/Year
Combed yarn	39.980	26.2	112.334	73.8	152.314	100	17.500
Strand yarn	12.358	15	69.644	85	82.002	100	22.100
Total	**52.338**	**22.3**	**181.978**	**77.7**	**234.316**	**100**	**39.600**

Source : Sumerbank for public sector figures

— Private sector figures are taken from the Conference on the Turkish Textile Industry and its Development, February 16, 1963, National Defence Academy Archives, No 4082/62.

Number of Wool Weaving Looms

TABLE : 72

	Public Sector	%	Private Sector	%	Total	%
In Plants	556	43.9	711	56.1	1.267	100
Miscellaneous	—	—	2.958	100	2.958	100
Total	**556**	**13**	**3.669**	**87**	**4.225**	**100**

Source : Sumerbank for public sector figures

Woollen Fabric Production Capacity

TABLE : 73

Yarn Type	Number of Looms	%	Daily Output of Looms		Capacity	
			Meter	Gram/Meter	1000 Meters	Tons
Combed yarn	2.044	48	50	410	30.660	12.570
Fine strand yarn	870	20.5	70	530	18.270	9.680
Coarse strand yarn	1.311	31.5	60	850	23.598	20.058
Total	**4.225**	**100**	—	—	**72.528**	**42.308**

— Private sector figures are taken from the Conference on the Turkish Textile Industry and its Development, February 16, 1963, National Defence Academy Archives, No. 4082/62.

(3) Production

Production of wool yarn in 1962 is shown in Table 74.

Production of Wool Yarn,
1962

TABLE : 74 *(Tons/Year)*

	Combed Yarn	Strand Yarn
Public Sector	1.754	1.445
Private Sector	3.632	13.105
Total	**5.386**	**14.550**

Production of woollen cloth in 1962 is shown in Table 75.

Production of Woollen Cloth,

TABLE : 75 *(Thousand Meters)*

	Production
Public Sector	4.640
Private Sector	18.380
Total	**23.020**

The increase recorded in the 1962 woollen cloth production compared to that of 1961 is due mainly to an increase in weaving yields.

The fall in woollen cloth production in the public sector in 1962 is due to the restrictions imposed by the Sümerbank in its program for strand yarn production in particular, in order to reduce accumulated stocks.

In the first four months of 1963, production of wool yarn in the publ sector amounted to 1.500 tons and of woollen cloth to 1.798 million mete These figures show an increase of 50 per cent for wool yarn, and of 3.7 per cent for woollen cloth over the corresponding figures for 1962.

c. Artificial Fibres and Silks

Production of artificial fibres is constantly increasing. The Gemlik Factor of the Sümerbank produces durable fibres (rayon) from cellulose and non durable fibres (viscon); its total capacity is 1.300 tons.

Requirements are at least four times higher than this capacity and the balance will be met by imports.

d. Foreign Trade

Exports are mainly of cotton textiles and exports of various cotton fabrics amounted to 7.891 million TL. in 1962. The most important item in this total was Sümerbank raw cloth (2.218 million meters) which accounted for [illegible] million TL. Exports of the same raw cloth (2.947 million meters) in the first six months of 1963 amounted to 3.894 million TL.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

- Consumption and production estimates are shown respectively in Ta 76 and 77.

Estimates of Fibre Consumption for 1964

TABLE : 76

	Per Capita (G	Total (Tons
Cotton	[illegible]	[illegible]
Wool	[illegible]	[illegible]
Artificial Fibres	[illegible]	[illegible]

Estimates of Textile and Clothing Production for 1964

TABLE : 77

	Production	Unit	Value (Million TL)	Index (1962 100)
Cotton cloth	6.691.500	1.000 M	[illegible]	[illegible]
Woollen cloth	[illegible] 000	1.000 M	[illegible]	[illegible]
Artificial Fibre and silk Fabrics	.21.000	[illegible] M	[illegible]	[illegible]
Carpets-Kilims	1.500	[illegible] M	[illegible]	[illegible]
Tricot cloth	Miscell.		[illegible]	
Shoes, leather articles of wear	Miscell.		1.034	
Total			**6.050**	

It is estimated that cotton textile exports of an approximate value of 2.2 million dollars (15 million meters) will be made in 1964.

3. VALUE ADDED

Value added in 1964 in this sector is estimated to amount to 2.412 million TL.

4. INVESTMENTS

Investments in 1964 are shown in Table 78.

Investments in the Textile and Clothing Industry in 1964

TABLE 78 *(Thousand TL.)*

	In Foreign Currency	Total
State Economic Enterprises	35.634	68.952
Private Sector	46.000	100.000
Total	**81.634**	**168.952**

5. MEASURES

Large modern and standard weaving looms will be installed in new plants and, as for as is compatible with the size of other components, in the plants which are to be extended.

FORESTRY PRODUCTS INDUSTRY

1. PRESENT SITUATION

Forest products are generally used in all branches of industry. The raw materials composed, of logs, are obtained from the forest enterprises of the General Directorate of Forestry

In order to attain the targets set in the Plan, felling is operated in conformity with production program. An invertory of national forest which will most economically and satisfactorily meet the demand for usable wood is steadily being compiled

A complete invertory of pulp wood and craft cellulose is a matter of particular urgency

a. Output of primary products.

The 1962 output of forestry products is shown in Tables 79 and 80.

The private sector accounted for fellings of 300 thousand cubic meters of logs in 1962

Output of Primary Forestry Products

TABLE : 79

Logs (M³)	Poles (M³)	Mine Props (M³)	Industrial Wood	Production (M³)	Total Value (1000 TL)
2.001.253	32.216	505.265	125.497	2.664.231	440.170

Source : General Directorate of Forestry

Hand and Factory Manufactured Timber Output, 1962

TABLE : 80

Factory Manufacture (Cubic Meters)		Hand Manufacture (Cubic Meters)		Total Volume (Cubic Meters)	Total Value (Thousand TL.)
Soft	Hard	Timber	Sleepers		
108.715	52.614	42.256	16.264	219.849	62.161

Source : General Directorate of Forestry

The unit prices of forestry products fluctuate according to the volume of yearly production and sales, and operational sites. Tables 81 shows the average unit prices of forestry products. One of the reasons for the high level of prices is the fact that sales to forest villages are at low prices.

Average Value of Forestry Products per Cubic Meter, 1962

TABLE : 81 (TL)

Logs	Mine Props	Poles	Industrial Wood	Factory Manufacture		Hand Manufacture	
				Soft	Hard	Timber	Sleepers
172	142	245	130	413	497	312	40

Source : General Directorate of Forestry

b. Output of manufactured products

Although production and sales figures for industrial wood are available, it is not possible to determine the extent of the demand for raw industrial wood in each of the manufacturing branches which use this type of wood. The breakdown of logs and timber according to sectors of use and the volume and value of production are shown in Table 82. This table, which gives production figures, covers the main articles produced by industries using industrial wood.

TABLE : 88

Volume and Value of Production of Manufactured Goods, 1962

Item	Unit of Measurement	Quantity (in thousands)	Value (Thousand TL.)
Wooden weaving bobbins	Piece	1.418	785
Packing cases	"	466	3.117
Shoe forms	Pair	470	541
Carpentering	Square meters	4,7	1.304
	Cubic meters	4,2	1.859
Duralite	Square meters	249	12.116
Beech (Dry Kiln Processed)	Cubic meters	18	
Veneers	Square meters	959	2.020
Timber	Cubic meters	97,4	57.606
Plywood	"	14,5	16.906
Parquet flooring	Square meters	39	990
Artifical wood	Cubic meters	2.146	2.413
Miscellaneous wooden articles	Piece	1.247	1.353
Wooden Cart parts	"	211	626
Furniture	"	217	15.220
Chairs	"	172	2.677
Others		—	2.482
Total			122.015

Source : Union of Chambers

These figures give the production of establishments listed in the industrial register. Figures for the production of unregistered small industries are not obtainable.

Artificial wood and fiberboard, which are substitutes for industrial wood, have better marketing possibilities as they are cheaper and easier to use than industrial wood, the production of which is limited. However the production of artificial wood and fiberboard is not sufficient to meet demand. If the production of these ungregistered firms and of the Public Sector is taken into account, it is calculated that the value of forestry products will total 250 million TL. It is estimated that the total value of production for manufactured products in 1963 will amount to 277 million TL.

c. Foreign Trade

Exports of forestry products in 1962 amounted to 8.8 million TL. and imports to 23 million TL.

Exports of 45 thousand cubic meters of timber had been envisaged in the 1963 program. In the first half of 1963 exports reached 5.9 million TL. in value. Timber imports were not forecast in the 1963 program, but after the program of the first semester had been prepared, a quota of 600.000 dollars was assigned.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

a. Primary Products

The production estimates of the General Directorate of Forestry are given below.

TABLE : 83

Production Estimates of Raw Materials, 1964

Logs (1000 m³)	Poles (1000 m³)	Industrial Wood (1000 m³)	Cellulose Wood (1000 m³)	Mine Props (1000 m³)	Total (1000 m³)	Total Value (1000 TL.)
2.083,6	30,1	152,2	229,6	304,5	2.800	540.000

Production from privately owned lands is estimated to be 500.000 cubic meters.

TABLE : 84

Hand and Factory Timber Production, 1964

(in thousands)

Factory Manufacture (m³)		Hand Manufacture (m³)		Total (m³)	Parquet Flooring (m³)	Total Value (100 TL.)
Hard	Soft	Sleeper	Timber			
110	53	54	22.7	239,7	280	97.000

Source : General Directorate of Forestry.

b. Production of Manufactured Articles

It is not possible to make accurate production estimates for separate items. Past production figures (volume and value) quoted by the Union of Chambers of Commerce and by the Industrial Office of the Ministry of Industry do not agree. However, as a global estimate, it is thought that production may attain 304 million TL. in value.

c. Foreign Trade

There is no need for imports of semi-finished industrial wood in the form of logs and timber. The kind, quantities, and value of forestry products which may be exported in 1964 are shown in Table 85.

TABLE : 85

1964 Exports Estimates

Species	Quantities	Export Value (1000 TL.)
Beech Log	25.000 m³	10.575
Valonia	15.000 ton	6.750
Total		17.325

3. VALUE ADDED

Value added in forestry products in 1964 is estimated at 111 million TL.

4. INVESTMENTS

1964 investments in forestry products are shown in Table 86.

TABLE : 86

1964 Investments

Investments by	In foreign currency	Total
Public Sector (Revolving Capital)	5.980	17.410
Private Sector	4.000	13.000
Total	**9.980**	**30.410**

5. MEASURES

a. An inventory of forests will be compiled with the utmost rapidity.

b. Replacements to raise the yield of timber factories will be accelerated.

c. After felling, logs are to be sorted according to the branch of industry in which they will be used. This should receive particular attention in the manufacture of motor-boats and rowing-boats.

d. Measures to lower the price of industrial wood are to be taken. In the fixing of prices, moreover, inter-regional competitive conditions are to be kept in mind and industrials in one region must not be subjected to more unfavorable conditions than these in other regions.

e. In timber factories, priority is to be given to the processing of beech instead of soft wood and exports of dry kiln processed white beech timber are to be promoted.

f. In order to further the development of the log processing industry and to train such personnel as are needed on the market, possibilities of increasing the amount of work done in the carpentry workshops of the Boys' Trade Institutes must be investigated.

g. The possibility of more efficient utilization of fiberboard and plywood production capacity will be examined.

MANUFACTURE OF PAPER AND PAPER PRODUCTS

1. PRESENT SITUATION

Extensive surveys and plannig studies were made for this sector in 1963.

Per capita paper consumption in 1962 was 4.3 kg. and paper output per head of population 3.1 kg.

The difference was met by imports. Production and imports of paper in 1962 are shown in Table 87.

The project for a kraft paper plant forecast in the 1963 program is ready. According to this project construction of the plant will be started in 1964 and completed in 1967. It will produce sack paper (for cement and fertilizer needs) and the raw materials for corrugated paste-board.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

With the investments to be made by SEKA and the private sector the production of corrugated paste-board will amount to 40.000 tons at the end of 1964. The effect of other capacity-increasing investments will be felt after 1965.

Table 88 shows estimates of paper demand, production and imports in 1964.

Paper Production and Paper Imports,

TABLE : 87

1 9 6 2

(Tons)

	Writing Paper	Newsprint	Wrapping Paper (1)	Kraft Paper (2)	Corrugated paste-board	Paper & paste-board	Others	Total	Total Value (1000 TL.)
Production	16.035	20.420	33.230	--	9.608	21.933	—	101.226	371.000
Imports	8.013	11.203	181	9.078	960 (2)	744	485	30.684	48.162 (3)
Total	**24.048**	**31.623**	**33.411**	**9.078**	**10.568**	**22.677**	**485**	**131.910**	**419.162**

(1) Includes production by private sector.

(2) The raw materials (Kraft liner) for corrugated paste-board.

(3) If the amount of 11.677 TL. for 11.971 tons of raw materials for the corrugated paste-board is included, total import will be equal to 59.839 TL.

Source : Project for the Draft plant of the Cellulose and Paper Industry (SEKA)

The project for a kraft paper plant foreseeen in the 1963 program is ready. According to this project the plant will be started in 1964 and is due to be completed in 1967. It will produce sack paper (for cement and fertilizer sacks) and the raw materials for corrugated peste-board.

TABLE : 88

Paper Production, Imports and Demand in 1964

(Tons)

	Writing Paper	Newsprint	Wrapping Paper (1)	Kraft Paper	Corrugated paste-board (1)	Paper & paste-board (1)	Total	Total Value (1000 TL.)
Production	32.000	23.500	35.500	—	20.000	24.500	135.500	436.000
Imports	3.350	9.500	1.950	12.400		450	27.650	75.000
Demand	35.350	33.000	35.450	12.400	20.000	24.950	163.150	511.000

(1) Includes production by private sector.

(2) The import of the raw materials for corrugated paste-board are not included.

Source : Project for the Kraft plant of the Cellulose and Paper Industry (SEKA)

The gap between demand and production for the different kinds of paper except sack paper will be narrowed in 1964.

The gap between demand and production of the different kinds of paper except sack paper, will be narrowed in 1964.

3. VALUDE ADDED

Value added in this sector in 1964 is estimated at 258 million TL.

4. INVESTMENTS

There will be large-scale investments by SEKA and the private sector in 1964.

1964 Investments

TABLE : 89

(Thousand TL

	In foreign currency	Total
Public Sector	42.085	191.300
Private Sector	8.600	14.000
Total	**50.685**	**105.300**

5. MEASURES

a. Measures will be taken by SEKA to remedy the deficiencies in paper and wrapping-paper to which attention has been drawn by large consumer firms.

b. Paper discarded after use or destroyed for security reasons will be used as pulp. Appropriate steps towards this objective will be taken by SEKA.

PRINTING INDUSTRY

1. PRESENT SITUATION

Printig has shown a great advance since the foundation of the Republic. The public and private sectors' own facilities are of great value in the aggregate, even though they are excessively disperded. Turkish printing houses can now produce works comparable with those in more developed countries.

Private presses are mostly located in large cities like Ankara, İstanbul, İzmir and Adana. The public sector owns large printing establishments in İstanbul and Ankara. Printing houses in the provinces away from large cities, where newspapers as well as local material are printed, use very old machines with manual typesetting. Presses in the large cities fall into two groups : those which print newspapers and those which print books, periodicals and other literature.

According to a 1963 survey of public and private printing houses (excluding İstanbul) too many different models and makes of printing machines are used, and most establishments are equipped with machines of low output.

About 64 per cent of all machines in the public sector and about 60 per cent of those in the private sector ar obsolate.

a. Production and Capacity

The number of newspapers published in 1962 and their paper consumption are shown in Table 90.

Newspapers Printing and Paper Consumption

TABLE : 90

Number of daily papers	Number of daily issues (1000)	Number of annual issues (1000)	Total paper consumption (Tons)
• 413	1.353	485.000	29.549

Source : Official advertisement office, Ministry of Press - Broadcasting and Tourism.

Newspapers are concentrated in order of importance in İstanbul, Ankara, and İzmir. While the number of newspapers published in 1962 in provincial cities averaged 57.907, circulation was 1.132.517 in İstanbul, 98.280 in Ankara, and 64.294 in İzmir.

The output of the other public and private printing houses is expressed in Table 91 in terms of rotation.

Capacities of Printing Houses and Actual Rotation

TABLE : 91 *(Thousands)*

PUBLIC SECTOR		PRIVATE SECTOR	
Printing Capacity	Actual Rotation	Printing Capacity	Actual Rotation
529.994	295.468	872.743	713.777

NOTE : 1. Istanbul did not furnish sufficient data for the purpose of the enquiry.
2. Private printing houses were not able to give their actual rotation.
3. Capacity was based on 300 eight-hour work days per year.
4. The yields of printig machines were considered on an automatic and semi-automatic basis up to 1950 and on an automatic basis only for subsequent years.
5. The dimensions of all printing machines were converted to 70 x 100.

The total value of the output of public and private printing houses in 1962 amounted to 200 million TL.

According to a survey made in 1957, output in State printing establishments was at 50.8 per cent of the normal. In 1963 this percentage was 55.7 Leaving aside the exceptional case of the Prime Ministry Press, which works overtime, the results of the survey based on normal working hours command serious attention.

In private printing houses, which consist of very small units, yields are 81.7 per cent. From the standpoint of printing technique and rate of work public presses are potentially superior in performance.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

Newspaper presses are generally technically adequate but distribution deficiencies limit output.

Estimates of Newspaper Printing and Paper Consumption in 1964

TABLE : 92

Daily impression (thousands)	Annual impression (thousands)	Paper consumption (tons)
1.484	542.000	33.000

Source : DPT estimates.

In view of the extensive facilities that journalism requires and of the influence which the present advertising system exerts, the total circulation of newspapers tends to increase while the number of papers issued tends to decrease.

The value of production from both public and private sector in 1964 is estimated at 256 million TL.

1964 Printed Material Production

TABLE : 93

PUBLIC SECTOR		PRIVATE SECTOR	
Estimated of rotation (Thousands)	Paper Consumption (Tons)	Possible number of rotation (Thousands)	Paper Consumption (Tons)
313.422	20.502	775.482	39.798

Public and private presses will be able to use a total of 60.300 tons of paper in 1964. Both sectors have installed facilities capable of exceeding the output represented by this consumption.

The reorganization of State printing establishments and the definition of standards in the printing trade will have a beneficial effect on production in both sectors.

3. VALUE ADDED

Value added in this industry will amount to 76 million in 1964.

4. INVESTMENTS

The private sector is not expected to make large-scale investments in printing; 2 million TL. of investment are forecast. The State Supplies Office will expend 3.4 million TL. on uniting the State-owned presses under its own control. Total investment in 1964 including expenditure on sub-section workshops, storage rooms and stationery sheps, will amount to 17 million TL. It is also estimated that private sector will invest 2 million TL. in this sector.

5. MEASURES

a. As in allied sectors, the apprenticeship system must be established in printing. Professional printers' organizations should take the necessary steps towards this objective.

b. The Printing Trade Institute, established to train vocational printers, is not equipped to train qualified personnel. The Institute should have closer contact with the industry in order to ensure on the-job training and familiarize students with out-school working conditions.

c. Lack of quality control entails losses for many firms and businessmen. Professional organizations should determine quality standards and establish a contral system to enferce application.

d. There is too much variation in the sizes of writing and printing paper used in the public sector. For similar purposes, a variety of formats are used in the departments' own printing facilities or in private printing houses. In order to prevent the ensuing waste, the Board of Standards foreseen in the law establishing the State Supplies Office will determine a single format for the printed or plain paper used in Goverment departments.

e. A program will be laid down for the early transfer of State printing ouses to the State Supplies Office.

RUBBER INDUSTRY

1. PRESENT SITUATION

Three sub-groups namely, rubber footwear, rubber tires and other rubber products can be defined in the rubber industry.

a. Rubber footwear

Capacity in rubber shoes (principal product in this group) at the end of 1963 is shown in Table 94.

ABLE : 94

Capacity in Rubber Footwear

Province	No. of Work places	Pairs (Million)	Tons
27	146	37	244

Source : 1962 Industrial Statistics

Capacity and work centers are mainly concentrated in Istanbul (52 in number with a capacity of 27.5 million pairs). Trabzon follows with 15 work centres and a capacity of 2 million pairs.

Production at the end of 1962 was 11.5 million pairs against a capacity of 37 million. Statistics from the Ministry of Industry and the Union of Chambers of Commerce for the last three years show that only 30 per cent of capacity has been used.

b. Rubber tires

Two tire factories began producing in 1963 and a third one is due to come into operation in October 1963. The total capacity of 280.000 tires of the two established factories is distributed as follows : 94.000 car tires, 174 000 truck and bus tires; 12.000 tractor tires.

Factories are due to start normal production from the commencement of the second half of 1963. Actual production will fall somewhat short of targets. Imports worth 13 million dollars were recorded in the first months of the year.

c. Other Rubber Products

Limitations in production itself and the range of products preclude any estimate of respective capacities.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

a. Assuming that production in the last three years has been entirely consumed, demand for rubber footwear in 1964 is estimated at 12 millio pairs.

b. Rubber Tire Demand

Demand estimates for rubber tires in 1964 are shown in Table 95.

Estimated Demand for Rubber Tires in 1964

TABLE : 95 *(Thousands*

Car	Truck-Bus	Tractor	Total
162,9	297,1	82,7	542,7

The breakdown of the demand for the different kinds of tires will not be as envisaged in the plan. The reason for this is the fact that microbuses, pick-ups and smaller lorries which are part of the truck and bus group use car tires. The vehicles using car-tires are now grouped together.

Another factor affecting demand is that there is capacity for recapping 65,000 tire units. At present this capacity is not fully used. It is estimated that it will be used even less in 1964.

In 1964 a new factory with a capacity of 76,000 car and 114,000 truck and bus tires will start production. In addition there will be a new capacity of 15,000 tractor tires. The-imports made in the first half of 1963 together with the production of the last half may well leave an excess for stocks over the 1963 demand estimates. 1964 production estimates are shown in Table 96.

TABLE : 96

Estimated Volume and Value of Production in Rubber Tires in 1964

Tire	Thousand Units	Value TL.
Car tires	127	31.875
Truck-Bus tires	216	99.360
Tractor tires	37	14.800
Total	**380**	**146.035**

As a general rule, any demand in excess of production will be met from stocks.

Production of tractor tires will not meet demand. The fact that tractors entering Turkey have not hither to been subjected to any policy of selectivity has led to a multiplicity of makes and types and to demands for different tires. Manufacturers are of opinion that investments in plants etc. to be installed for the production quantities varying according to type will not be profitable. For this reason tractor tires will have to be imported in 1964.

Raw and auxiliary material worth 142 million TL. will have to be imported in 1964. 110 million TL. of this is for raw and auxiliary materials used in the production of car tires.

3. VALUE ADDED

Value added in rubber industry in 1964 is shown in Table 97.

TABLE : 97

Value Added

(Million TL.)

Rubber tires	74
Footwear and other rubber products	51
Total	**125**

4. INVESTMENTS

There will be no need for investments in the rubber footwear industry in 1964.

Investments in the rubber tire industry will be entirely private. It is estimated that 40 million TL., of which very little will be for rubber articles of clothing, will be invested in the production of tractor tires and in the manufacture of rubber articles used in industry (transmission belts, valve rubbers etc.). 20 million TL. of these investments will be in foreign currency.

5. MEASURES

a. Means of obtaining the raw materials for tires from domestic sources must be investigated.

It may be possible to produce rayon and nylon cord fabrics internally next year. Establishments should explore without delay the possibility of obtaining their supplies from domestic sources. Other important items are carbon black and sulphur. Efforts to discover sources of these raw materials in Turkey must be speeded up.

b. Automobile, truck and bus tires will not be imported in 1964. Imports will be permitted only in cases envisaged in the plan.

c. In the manufacture of rubber footwear and other rubber articles there is an uneconomical diversity of sizes in installations and plants. Merging is to be encouraged.

d. Production of rubber transmission bolts, V-belts and convoyor belts used in moto vehicles and the motor industry must be undertaken.

e. To avoid the adverse effect on highways caused by the over-loading of vehicles, the norms of imported or home-produced tires must be kept within appropriate limits.

PLASTIC PROCESSING INDUSTRY

1. PRESENT SITUATION

Annual plastic processing capacity is 23 - 35,000 tons. Owing to import restrictions, the amount of plastic processed does not exceed 10 - 12,000 tons a year. Since plastic raw material requirements cannot be met from internal sources, the activity of this industry is limited by foreign exchange allocations. In 1962, a total of 77.2 million TL. in foreign exchange was spent on plastic raw material imports. It is estimated that this amount will be in the region of 80 million TL. in 1963. Under present conditions there will be considerable idle capacity in the plastic processing industry.

1963 investments are concerned with the more rational operation of existing facilities.

2. 1964 DEMAND ESTIMATES ADN PRODUCTION TARGETS

The demand for raw materials is estimated at 39,000 tons for 1964. Under existing restrictions, imports cannot be more than 15,000 tons. Since processing capacity and demand are higher than the amount of raw material imports, import estimates also determine production targets.

3. INVESTMENTS

1964 investments for the plastic processing industry are estimated at 9 million TL. of which 3 million TL. are in domestic currency and 6 million in foreign currency. These investments will be realized by private enterprises.

4. VALUE ADDED

Value added in this sector is estimated to be 240 million TL. in 1964.

5. MEASURES

a. Plants producing plastic pipes and plastic parts for other branches of industry will be encouraged and their raw material requirements will be met.

b. Since a Petro-chemical Industry will be established in Turkey in 1967, plastic processing plants should eliminate their deficiencies so as to meet internal demand in the most satisfactory way. The plastic industry which is mostly located in Istanbul at present should seek to spread to other demand centers in the country.

CHEMICAL INDUSTRY

1. PRESENT SITUATION

Demand for products of the chemical sector is rising with the growth of the agricultural and industrial sectors of the economy. More than the chemical products required for new industrial plants, this higher demand concerns.

a. Chemical products used in agriculture (fertilizers, pesticides etc.) and

b. Consumer goods in which higher demand takes the form of a reduction of idle capacity (soap etc.) or an increase in imports (soda etc.).

With the completion of a large number of industrial plants now under construction, the demand for chemical products will rise still more rapidly. On the other hand, the higher demand implied by the chemical plants to be set up concurrently with industrial plants will be met in the manner shown in the plan targets.

As the capacity of establishments producing chemical products is mainly small a large part of the demand must be met by imports. Imports of chemical products in 1962 amounted to about 796 million TL. and accounted for 14.2 per cent of total imports. 1962 imports exceeded 1961 imports by 13.7 per cent. The value of the production of chemical products in the same period rose by 7.3 per cent.

These figures show that, even if the prices of chemical products are assumed as staying at their level of 1961 - 62, demand is rising faster than production. The rise in demand is greater than is shown by import values, difficult though it is to deduce exact values due to the fact that chemical products are listed in groups in import figures. Though prices on the home market remained practically stable in 1961 - 62, prices fell on external markets and the volume imported was consequently larger. It is expected that imports will increase still further in 1963. The reasons for this are as follows :

(1) The increased use of chemical products in agriculture,

(2) The fact that plants which have worked at very low capacity because of import restrictions and shortages will have higher productive capacity in 1963 with the securing of import possibilities,

(3) The completion of large establishments in 1962 - 63 and consequently the presence of large production capacities in 1963.

It is accordingly expected that the value of production will attain 1,320 million TL. in 1963 and be 11.7 per cent higher than in 1962. If the value of production is taken to be 100 in 1951, and 107 in 1962 it is estimated to be 125 in 1963.

The relevant ground studies for the establishment of the Tarsus Textile Dyes Factory included in the 1963 Program have been completed and the factory is being set up.

The Murgul Sulphuric Acid Plant was opened to production and the operational difficulties which arose are now being resolved. The plant started producing normally in mid-June 1963. Initial production figures indicate that production by the end of the year will amount to 35,000 tons.

On the bases is of the output of nitrogenous fertilizer plants in the first five months of 1963, it is estimated that they will exceed their guaranteed capacity by 10 per cent for lime ammonium nitrate and by 23 per cent for ammonium sulphate. In the case of the latter plant temporary electricity interruptions have inflicted great material damage.

The production of superphosphate has also showed great increases though owing to certain financial and technical difficulties only 50 per cent of total capacity can be used.

SEKA (Cellulose and Paper Industry) increased its production of calcium hypochlorite in 1963, and through lack of chlorine reduced its production program for other chlorine products. As the import price of sodium hydroxide is low, the output of this product has been reduced to minimum.

Production of agricultural plant protection specialties takes place almost entirely in the form of a confection industry. Products in this branch differ from those of medical pharmaceuticals in that 45 per cent of raw materials are of domestic origin. The shift toward synthesis has made an important stride in this branch. The facilities of the Agricultural Protection Specialties Company will shortly be completed and it will start production in 1964.

In three of the installations of the pharmacoutical industry set up with foreign capital and operating on a confection basis, projects for the production of active substances were completed in 1963. It is expected that the other establishments will undertake similar activities by the end of the year.

An important increase is observed in the production of glycerine. After the measure foreseen in this sector in the 1963 program has been effectively applied, the process will be able to work at full capacity in 1964.

Soap industry shows a significant increase and idle capacity in this branch is diminishing. On the basis of the situation in the first half of 1963, a more rapid development of this branch than forecast in the plan is to be expected.

The Etibank had been charged with distributing the required quality of sulphur (the output of which has reached 12,000 tons per year) to pharmaceutical plants. This function will be performed until the end of the year with a production capacity amounting to 3 tons/hour of 325 mesh fineness.

Consumption in semi-synthetic and synthetic fibres is also increasing at a faster rate than predicted in the plan. However in order to follow international technical developments in this field more closely, it has been considered more advisable to postpone the establishment of a new unit till the following year.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

Demand estimates and production targets for the main chemical products in 1964 are shown in Table 98.

Demand Production Targets for Main Chemical Products in 1964

TABLE : 98 *(Ton/Year)*

Product	Demand	Production Target
1. Soda	36.000	—
2. Sodium Hydroxide	30.000	2.000
3. Salt (with exports of 150.000 tons/year)	590.000	590.000
4. Sulphate acids (66° - calculated according to Be)	140.000	89.000
5. Nitrogenous fertilizers (% 20)	240.000	135.000
6. Superphosphate (% 20)	400.000	220.000
7. Potassium fertilizers (% 50)	25.000	—
8. Semi-synthetic fibres	7.000	1.200
Rayon	4 200	600
Viscon	2 800	600
9. Synthetic fibres	4 500	—
Nylon 6 (or Nylon 66)	2 800	—
10. Artificial plastic substances	39 000	—
Condensation plastics	12 000	—
Polymerization plastics	27 000	—
11. Formaldehyde, paraformaldehyde	200	—
12. Methyl Alcohol	120	—
13. Phenol	120	—
14. Trichlorethylene	1 000	—
15. Azo dyes	400	—
16. Sulphur black	1 100	—
17. Colored sulphur dyes	250	—
18. Ethyl alcohol (million litres)	21	21
19. Tartaric acid	600	—
20. Citric acid	400	—
21. Carbon sulphur	1 300	1.000
22. Acetone	400	—
23. Formic acid	150	—
24. Citronella	100	—
25. Matches (cases)	124 000	124 000
26. Pesticides	42 450	29.150
DDT	8 800	—
Gamma BHC (% [illegible])	6 300	—
Specialties containing DDT (powder)	5 200	5.200
(liquid)	300	300
Specialties containing Gamma BHC (powder)	450	450
(liquid)	200	200
Specialties containing Gamma BHC + DDT (powder)	7 500	7.500
Specialties containing DDT + Gamma BHC + S (powder)	2 500	2.500
Sulphur (powder)	6.000	6.000
Sulphur + specialties (powder)	1.500	1.500
Seed Specialties (with and without mercury) (powder)	4.000	4.000

TABLE : 98 (Contn'd.)

Product	Demand	Production Target
Other chlorinated hydrocarbons	4.000	—
Copper Sulphate	2.500	1.000
Copper preparations (powder)	1.250	—
Specialties with parathion (liquid)	250	—
Specialties with organic phosphorus (liquid)	600	—
Foreign weed specialties (liquid)	1.000	—
White oils (liquid)	1.000	500
Organic preparations (powder)	2.000	—
27. Winter wash specialties (liquid)	600	—
28. Acetic acid	1 400	1.000
29. Acetic acid anhydrite	350	—
30. Sodium Sulphur	1 500	1.100
31. Sodium Sulphate	5.000	5.000
32. Sodium silicate	3.000	1 500
33. Sodium hydrosulfite	500	90
34. Sodium Sulfite	200	—
35. Sodium hyposulfite	300	50
36. Sodium Bicarbonate	2.500	—
37. Sodium chlorate	60	—
38. Sodium Acetate	70	—
39. Sodium bichromate	200	—
40. Potassium Hydroxide	750	—
41. Potassium carbonate	2 200	—
42. Potassium chlorate	300	—
43. Potassium nitrate	100	—
44. Potassium cyanurate	50	—
45. Potassium silicate	150	—
46. Calcium hypochlorite	2 400	2.000
47. Calcium carburet	7 500	7 500
48. Calcium chlorure	250	—
49. Ammonium chlorure	1 200	1.200
50. Manganese oxides	2 300	—
51. Lithopone	1 200	1 200
52. Zinc oxide	2 700	—
53. Zinc sulphate	40	—
54. Zinc chlorure	100	—
55. Minium	2 500	1 200
56. Lead carbonate	200	
57. Lead oxide (litharge, masticot)	60	—
58. Ultramarine	650	—
59. Titendioxide	1.250	—
60. Magnesium sulphate	500	300
61. Magnesium oxide	650	650
62. Magnesium chlorure	150	—
63. Barium sulphate	600	300

TABLE : r8. (Contn'd)

Product	Demand	Production Target
64 Barium chlorure	100	—
65 Chrome oxides	80	—
66 Ferro - 2 - sulphate	400	—
67 Ferro - oxides	400	—
68 Aluminium sulphate	8.000	—
69 Aluminium hydroxide	50	—
70 Technic ammonium nitrate	4.000	4.000
71 Barium carbonate	100	—
72 Hydrogen peroxide (% 30)	250	—
73 Silicium carbure	100	—
74 Refining earth	1.500	—
75 Phosphoric acids	200	—
76 Tensio-active substances	3 500	600
77 Carbon black	5 000	—
78 Printing ink	1.100	100
79 Writing inks	450	450
80 Diverse films	230	—
81 Cinema films	100	—
82 X - ray films	40	—
83 Photography films	90	—
84 Oxygen (m^3)	900.000	1.900.000
85 Carbonic acid	1 300	1 300
86 Chlorure acid (% 33)	2 500	500
87 Glycerine	900	550
88 Chlorine	4 000	1.800
89 Linseed oil	2 500	2.800
90 Olive oil cake extract	12 000	12.000
91 Plasticizers	7.800	—
92 Varnish	1,200	1.200
93 Terebenthene	700	700
94 Synthetic resin	1.400	1.400
95 Resin (colophene)	1.100	1.100
96 Gelatin	50	—
97 Glue	900	900
98 Rose oil (export) (kg.)	800	800
99 Vallonia extract (including exports)	11.000	11.000
100 Liquorice-root extract (exports)	3.000	3.000
101 Benzene	7.500	7.500
102 Toluene	600	500
103 Xylene	350	350
104 Naphthalene	1.100	1.100
105 Anthracene	150	150
106 Soap	80.000	80.000
107 Cellophane	600	250
108 Oily and synthetic dyes	6.000	5.500

Source : Registration declarations, establishment records, Ministry of Industry; Reports of the Union of Chambers and studies of the State Planning Organization.

3. FOREIGN TRADE ESTIMATES

It is estimated that chemical products amounting to 880 million TL. at current prices will be imported in 1964.

Estimated exports of the main products are shown in Table 2.

Estimated Exports in 1964

TABLE : 99

Product	Export Quantities	Unit	Value (TL.)
1. Vallonia extract	7.000	tons	12.250.000
2. Liquorice-root extract	3.000	tons	8.072.000
3. Rose oil	800	kg.	8.000.000
4. Colophene	500	tons	875.000
5. Salt	150.000	tons	2.160.000
6. Linseed oil	300	tons	1.305.000
7. Sigala oil	60	tons	3.900.000
8. Wax	250	tons	2.500.000
9. Laurel oil	150	tons	600.000

Source : Foreign trade statistics and studies of the State Planning Organization.

As exports are limited in quantity, approximate figures for total exports of chemical products together with certain other products not shown in the above table are put at about 46 million TL.

4. INVESTMENTS

Public investments and estimated private investments will amount to 481,000,000 TL. in 1964. The distribution of these investments is shown in Table 100.

Investments in Chemical Industry

TABLE : 100 *(Thousand TL.)*

Source	1964 Expenditure	
	Foreign Currency	Total
General and Annexed Budget	6.000	13.000
State Economic Enterprises	148.190	211.550
Private Sector	163.810	246.188
Total	318.000	470.738

5. VALUE ADDED

The value added in 1964 generated by existing plants and by those to be established is estimated at 480 million TL.

6. MEASURES

a. Means of producing ethyl alcohol (which is derived from molasses) together with with petro-chemical products will be sought. It will be possible to use molasses thus in other fields first and to export the remainder.

b. Electrical interruptions of short duration cause extensive material damage to the Nitrogen Industry. Means of connecting a second line to the plant will be sought.

c. In connection with the supply of cheap raw materials to the Nitrogen Industry, the studies on the Seyitömer Lignites will be enlarged and possibilities of full utilization will be exlored.

d. It is considered necessary to amend the laws on medicinal preparations and pharmacology in the light of current conditions. This question will be examined by the Ministry of Health and resolved within the program period.

e. Syntheses made for the pharmaceutical industry will be supervised, as in the case of other chemical products, by the Ministry of Health.

f. Imports of pharmaceuticals with counterparts produced by domestic industry will be allowed only within the margin not covered by domestic production.

g. The analysis and testing fees of the Ministry of Health will be readjusted in the light of the price structure of pharmaceuticals and the volume of sales.

h. The current system of price setting for pharmaceutical preparations is not functioning rationally in that preparations of almost identical composition are priced differently. This question will be examined by the Ministry of Health and the price setting system for pharmaceuticals will revised so as to prevent these irregularities.

i. There is usually a time-lag in the granting of licences for pharmaceuticals. The Ministry of Health will take measures to shorten the period in which licenses are granted.

j. Means will be sought to utilize local engineering and materials in the sulphate acid and superphosphate plants which are to be established. Preliminary studies show that 50 to 70 per cent of these plants can be of domestic origin.

k. There will be an examination of possible means of utilizing the surplus water of the Çamaltı salt-mines.

l. The petro-chemical industry envisaged in the plan has evoked great interest both inside and outside Turkey. Although the Turkish Petroleum Corporation has been entrusted with this project, interim requests will be considered and if necessary the project will be revised accordingly.

m. The possibility of exporting more salt will be studied by the State Planning Organization and the Export Development Center.

NON-METALLIC PRODUCTS INDUSTRY

This industry comprises the following sub-sectors :

a. Baked clay construction materials
b. Glass and Glassware
c. Pottery, tiles and porcelain
d. Cement
e. Cement products.

1. Baked Clay Construction Materials

This branch of the industry is further subdivided into :

a. Bricks and tiles
b. Firebricks and fireclay

a. The brick and tile industry is wholly in the hands of the private sector. As production methods are generally rudimentary and require little technical knowledge and capital, supply is elastic and meets the demand.

1963 investments were concerned mainly with improvements and expansion.

Investments in 1964 will be of the same kind.

b. The firebrick and fireclay industry can be divided roughly into two groups :

i. Chamotte and silica bricks
ii. Magnesite and chrome-magnesite bricks

i. Capacity in chamotte and silica brick production is sufficient to meet demand. But the quality of products leaves much to be desired. Investments for improving quality were started in 1963. Magnesite and chrome-magnesite brick requirements are met by imports. Production will be augmented by a plant opened in 1963.

2. Glass and Glass-ware Industry

Three branches exist in Turkey's glass industry :

a. Bottles and glass-ware
b. Windov glass
c. Serum ampoules.

a. Capacity in bottles and glass-ware (60 to 70.000 tons) is large enough to meet the demand, even after 1967. Present capacity is not fully utilized. Endeavors are being made to increase exports.

b. Capacity in window-glass (37,500 tons) is large enough to meet th 1967 demand. There is no need for capacity-increasing investments.

c. Ampoules are made from imported neutral glass pipes. Capacity (1.20 tons) is enough to meet present demand and has been increased by a furthe 220 tons in 1963.

Exports will be encouraged where the sector shows promise.

3. Tile, Pottery and Porcelain

This branch of industry is divided into three groups :

a. Table and ornamental ware
b. Sanitary ware
c. Square tiles

a. Table and ornamental ware requirements, most of which were met by imports, will henceforth be met by the 3,200 tons/year capacity plant opened in 1963, and imports will no longer be necessary.

b. Capacity in sanitary ware is of 2,00 tons/year leaving part of the demand to be met by imports. Work on the establishment of a plant with a capacity of 4,000 tons/year which is to start production in 1966 is under way. In order to meet the 1964 demand estimated at 3,900 tons, imports of up to 2,000 tons will be necessary.

c. Capacity in square tiles increased from 4,500 tons/year in 1962 to 9,000 tons/year in 1963. Demand estimated at 6,800 tons in 1964 can be met by domestic production.

The two factories which are being constructed in order to replace ceramic imports should be operating by 1965 and 1966. After the completion of these factories, export possibilities will be investigated.

4 Cement

a. Present Situation

Total cement production in 1962 from 11 public and 5 private mills amounted to 2,316,548 tons. The value of production reached 324 million TL. Cement sales in the same year amounted to 2,318,714 tons. There were no important changes in end-of-year stocks.

The number of cement mills in June 1963 rose to 17 with the opening in Konya of a private plant with a guaranteed capacity of 150,000 tons/year.

Cement production in the first half of 1963 amounted to 1,206,089 tons and cement sales to 1,206,144 tons. A comparison of these results with corresponding results in 1962 taking into account the fact with the production of 8,000 tons of white cement in the Balikesir plant its output of portland cement will decrease by some 14,000 tons, leads to the expectation that total 1963 production will amount to 2,670,000 tons. Assuming that there will be no significant change in end-of-year stocks, this amount corresponds to the volume that will be put on the home market in the same year. Taking 1961 as the base year, half-yearly and yearly cement sales indices are shown in Table 102.

Indicies of Cement Production and Sales - 1961 - 1962 - 1963 (*)

TABLE : 102

	1961	1962	1963
First semester production	100	122 (100)	145 (119)
First semester, sales	100	122 (100)	146 (120)
Annual production	100	114 (100)	130 (130)
Annual sales	100	114 (100)	130 (114)

Source : Figures computed by the SPO according to the production and sales record of the Association of Producers.

(*) Values in brackets show the 1963 index if 1962 = 100.

As seen from this table, cement sales in the first half of 1963 rose at a slower rate than in the 1961 - 62 period. It is expected however that the rate of increase in sales between 1962 and 1963 will be the same as that between 1961 and 1962, since the private sector holds a certain amount of stocks. Certain quantities have also been imported to prevent any shortages due to stockage.

b. 1964 Demand Estimates and Production Targets

Demand in 1964 has been estimated at 3 million tons. Today's standards, the opening early in 1964 of the Niğde plant, the use of slag and trace to a total amount of 100,000 tons, should bring production up to 3.1 million tons. Under normal conditions therefore consumption in 1964 will be met from internal production.

c. Investments

Investments totalling 117.2 million TL. of which 54.7 million will be in foreign exchange are expected in 1964. Tablo 103 shows the distribution of investments between public and private sectors.

Cement Investments

TABLE : 103

Thousands TL

	Foreing Exhange	Total
Public Sector	34 700	87 200
Private Sector	20,000	30.000
Total	**54.700**	**117.200**

Public Investments :

(1) Extension of the Elazig plant,

(2) Completion of conversion of the Elazig I - II, Corum, Şöke, Afyon and Gaziantep plants, to the dry system.

(3) Silos and packaging facilities in the Çorum, Balikesir and Afyon plants,

(4) Extension of the Adana plant, to be financed by the private sector,

(5) Completion of the Ankara plant extension,

(6) Continuation of conversion of the Sivas plant, to the dry system

Private investments will enable a start to be made in the conversion of the Darıca, Izmir and probably Eskişehir plants to the dry system.

d. Value added is estimated at 243 million TL. in 1964.

e. Measures

(1) Cement standards are to be changed to conform more closely to criteria in E.E.C. countries. New standards will be established and published by the Ministry of Industry before the end of March 1964.

(2) The Turkish Cement Industry Corporation will undertake a survey, which will serve as a basis for future establishments and extensions, of regional demands and the raw and auxiliary materials, energy and transport situation the survey will be completed by the first half of 1964 and construction of the new establishment or establishments and extensions will have commenced.

(3) The research laboratory which is being set up by the Association of Cement Producers is to be completed by the end of 1964.

(4) Cement mills will take steps to supply cement to actual consumers at work sites or at factories.

(5) In order to promote the use of cement in all regions and in all relevant types of work, particularly in under-developed regions, there is a need for a detailed study on cement production, consumption, sales and transport. This study is to be conducted by the Ministry of Industry in cooperation with the Association of Cement Producers and the State Planning Organization, and will be completed by March, 1964.

5. Cement Products

These products can generally be used as substitutes for other products in use at present. The capacity for producing asbestos concrete pipes, asbestos concrete sheets, concrete poles and pre-fabricated concrete building materials exists, but as the use of these products is not yet firmly established, plants mostly work below capacity. There is however a demand for concrete poles, and construction of two factories to meet this demand began in 1963.

IRON, STEEL AND METALLURGICAL INDUSTRY

1. PRESENT SITUATION

Many of the finished and semi-finished products of the iron-steel and metallurgical industry are manufactured in the country. 22 thousand tons of ingot iron and 246 thousand tons of crude steel were produced in 1962. The finished products manufactured in the iron-steel branch amounted to 430 thousand tons and to 836 million TL. in value.

In the copper and copper alloys branch, 25,775 tons of blister copper worth 177.9 million TL. were manufactured in 1962. The manufacture of finished copper products amounted to 18,400 tons, with a value of 214 million TL.

Iron, steel and metallurgical imports in 1962 are shown in Table 104.

590 tons of iron and 14,430 tons of copper with a total value of 79.25 million TL. were exported in 1962.

In the iron steel branch, quantities of tinplate, polished sheets, soft sheets, plates and certain raw materials continued to be imported in 1963. The remaining semi-finished and finished products are manufactured internally. The output of finished products is estimated at 522 thousand tons, with a value of 969.4 million TL., and import requirements are estimated at 429 million TL. Production in the first 5 months of 1963 is 64 per cent higher than that of the corresponding months of 1962. A functional fault in the new blast furnace will halt and probably reserve this increase.

Imports of Iron - Steel and Metallurgy Products, 1962

TABLE : 104

Products	Quantity (Tons)	Value (CIF - 1000 TL.)
Iron-steel semi-manufactures	74 013	66.844
Iron-steel products	153 134	273 639
Ferro alloys	4 770	7 098
Copper and copper alloy semi-manufactures	11	170
Copper and copper alloy finished products	96	1 555
Aluminum semi and finished products	4 193	31 606
Nickel products	90	1 592
Manganeze products	1	15
Lead products	2 312	4 281
Zinc products	5 932	15 333
Tinplate products	1 257	30 495
Other metal products	48	3 201
Total		**435.839**

Limited raw material imports are forecast in the copper and copper alloys branch in 1963. Production of copper and copper alloys was estimated at 300 tons, worth 170 million TL. and production of other metals was valued at 46.6 million TL. Available data indicate that production will be higher than these figures.

Exports of the manufactured products of the sector will amount to 165.7 million TL. in value.

Investments of 1.092.4 million TL., of which 172.8 million TL. will be made by the State Economic Enterprises, have been programmed for 1963

Difficulties are encountered in finding the beams announced in the production program for the reason that iron and steel plants frequently vary their production. This situation creates difficulties in project preparation and construction.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

Estimates of demand, production, imports and exports for 1964 are shown in Table 105. Production values are estimated on the basis of normal working conditions. If the defect in the third blast furnace cannot be rectified by the beginning of 1964 or if other serious failures occur in manufacturing plants, production will decrease and imports will be necessary.

In the copper and copper alloys branch, limited quantities of raw materials and spare parts will be imported.

3. VALUE ADDED

Value added in this sector is estimated to amount to 790 million TL. in 1964.

TABLE 105

1964 Demand, Production and Import - Exports in Iron - Steel and Metallurgy End - Products

(Thousand Tons - Million TL.)

	DEMAND		PRODUCTION		IMPORTS		EXPORTS	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
a. Iron and Steel End Products								
Rods	230.0	345.0	230.0	345.0	—		—	—
Beams	120.0	180.0	90.0	180.0	30.0	35.0	—	—
Railroad Material	20.0	40.0	20.0	40.0	—		—	—
Plates	20.5	34.9	3.3	5.6	17.2	43.0	—	—
Sheets	80.0	176.6	40.0	88.0	40.0	60.0	—	—
Tinplate	55.0	156.8	3.0	8.8	52.0	75.0	—	—
Strips	5.0	11.0	—	—	5.0	8.1	—	—
Steel and Tool Steel	50.0	125.0	130.0	74.0	20.0	61.0	—	—
Wires	45.0	86.4	44.0	84.5	1.0	1.9	—	—
Steel pipes	95.0	232.8	66.0	162.0	29.0	52.2	—	—
Cast iron pipes	56.5	103.8	36.5	91.3	—	—	—	—
Pig iron castings	80.0	196.0	80.0	196.0	—	—	—	—
Others	1.3	6.4	1.3	6.4	—	—	—	—
Total	**858.3**	**1.694.7**	**664.1**	**1.281.4**	**194.2**	**336.2**	—	—
b. Semi-Finished Iron and Steel Products								
Pig Iron	500.0	499.5	450.0	405.0	50.0	27.5	—	—
Crude steel	550.0	690.0	550.0	630.0	—	—	—	—
Billets, Booms and Slag	400.0	460.0	350.0	460.0	50.0	36.0	—	—
Sheet Bars	42.0	54.6	42.0	54.6	—	—	—	—
Wire rods	45.0	72.0	35.0	36.0	10.0	10.0	—	—
Strips	58.0	135.0	—	—	58.0	92.8	—	—
Total					**168.0**	**166.3**		

TABLE : 105 (Contn'd)

	DEMAND		PRODUCTION		IMPORTS		EXPORTS	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
c. Copper and Copper Alloys (Semi-Manufactures)								
Refined Copper								
Blister Copper	16.0	125.0	28.0	220.0	—	—	12.0	63.0
Electrolytic Copper	5.0	42.0	9.3	77.0	—	—	4.3	21.5
Copper Brass and Bronze	3.3	32.0	9.0	80.0	—	—	5.7	30.2
Copper Brass and Bronze wedge	19.1	150.0	19.1	150.0	—	—	—	—
Total							**22.0**	**114.7**
d. Copper and Copper Alloys (End-Products)								
Bars, pipes	11.1	100.0	11.1	100.0	—	—	—	—
Wires	2.9	40.0	2.9	40.0	—	—	—	—
Plates and Strips	14.7	140.0	14.7	140.0	—	—	—	—
Total	**28.7**	**280.0**	**28.7**	**2280.0**	—	—	—	—
e. Other Metals		150.0		121.0		65.0		51.0
Total		**150.0**		**121.0**		**65.0**		**51.0**

4. INVESTMENTS

Investments in the iron-steel and metallurgy sector in 1964 are shown in Table 106. Investments in the second Eregli Iron-Steel Works are shown under private investments.

Investments in Iron - Steel and Metallurgical Industry

TABLE : 106 *(Million TL.)*

	1964 Expenditure	
	In Foreign Currency	Total
State Economic Enterprises	66.100	183.600
Private Sector	300.000	515.760
Total	**366.100**	**699.360**

5. MEASURES

a. Means will be sought to effect economies in labor, transport and weight with the materials to be used for constructional iron of the specification "Ç 50".

b. Means will be sought to meet the same concrete resistance with lighter iron through the manufacture of grooved constructional iron.

c. The possibility of exporting copper in the form of cables and components of electric engines and transformers instead of in semi-finished form will be studied.

d. Surplus amounts of bloom up to 100,000 tons will emanate from the Eregli Iron - Steel factories. The Ministry of Industry will carry out and complete by March 1964 the necessary studies on the possible domestic utilization of these surpluses.

e. Studies on the measures to be taken to produce and export ferrochromium, ferro-manganese, ferro-silicium and other iron alloys will be completed by June 1964.

f. Before imports are ordered the possibility of meeting demand from domestic production will be investigated and idle capacity will be utilized.

g. After a thorough market survey, the Iron-Steel factories will announce their production program and standards and will regularize their output so as to prevent the occurrence of shortages of the beams included in their program.

h. In the sales of salvage metal from ships, vehicles, machinery, equipment and similar materials previously imported free ot custom duty, the possibility of custom duties payable on the scrap-values of these materials will be studied.

MANUFACTURE OF METAL PRODUCTS

1. PRESENT SITUATION

Up to 80 % of internal requirements of metal products are met by domestic manufactures.

The value of production in this branch is estimated at about 940 million TL., that of imports (CIF) at 138.9 million TL. There is sufficient domestic capacity for import substitution in the case of large numbers of steel structures which accounted for 48.9 million TL. in total imports.

Apart from tinplate and barrel manufactures and the ammunition sector. According to the industrial register of the Ministry of Industry, capacity in metal products is large enough to produce 2 billion TL. worth of articles. This shows a substantial unutilized capacity in this branch of industry.

It is estimated that the value of production in 1963 will amount to 825 million TL. of which 780 million will be in the private sector and 45 million in the public sector. Imports are estimated at 135 million TL. in value.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

A large part of the demand will be met by internal production, the value of which is estimated at 1.05 billion TL. in the private sector and 290 million in the public sector. Imports worth 84 million TL. will meet the residual demand.

3. VALUE ADDED

Value added in this sector is estimated at 567 million TL. in 1964.

4. INVESTMENTS

Total investments of 43.7 million TL. by State Economic Enterprises and by the private sector are forecast in this sector for 1964.

5. MEASURES

Marginal costs in this sector will be low owing to unused capacity. For this reason imports of all kinds of steel structures, prefabricated buildings, other fitments for buildings, tanks and warehouses and similar articles (Tarif No. 73.21 and 73.22) ,will on principle be discontinued and if necessar manufacturing designs will be imported.

MACHINERY INDUSTRY

(excluding agricultural and electrical machinery)

1. PRESENT SITUATION

Requirements for capital goods are met at present mainly by imports. Even though a considerable variety of these products is manufactured internally, the imported versions are preferred. In 1962, as against a production of 250 million TL. in value, imports in this sector amounted to 982.2 million TL. (CIF prices).

The demand for durable consumer goods is met primarily by internal production.

It is recognized that there is excess capacity for machinery and machine tools in this sector. This capacity could be fully utilized if coordination were established between enterprises and between different plants within enterprises, if small-scale investments were made, if there were licence and patent agreements, and if modern methods of management were applied.

In the 1963 program the following estimates were drawn up for this sector : internal production with a sales value of 392.4 million TL.; imports worth 824.4 million TL. (CIF); and investments worth 196.6 million TL. including 130 million TL. in the private sector. The available data concerning implementation in the first semester indicate that production and imports will in general progress according to program but that private investments will remain below the level anticipated.

Capital goods produced in this industry may be either mass-produced or custom made. In this second category, the prices of a large number of products show possibilities of a reduction below the level of those of imported products.

It is through custom made production and especially internal production of plant components that this sector will develop and foreign exchange will be saved. The internal components of plants vary between 30 to 80 per cent of the entire plant according to the kind of factory. But this development will be possible only if the various stages of project preparation, foreign exchange allocation, order-placing, manufacture and assembly proceed on a regular basis and are geared to this objective.

In manufacture, on the basis of assembly, the percentage of indiganous content should be increased until integral manufacture is achieved in as short a time as possible and within a specific program.

2. 1964 ESTIMATES AND PRODUCTION TARGETS

Estimated demand, production and imports in 1964 are given in Table 107.

3. VALUE ADDED

Value added in this sector is estimated at 390 million TL. for 1964.

Demand for Machinery and Equipment and Sources from which it will be met

TABLE : 107 1964 *(Million TL.)*

Items	Demand	Value of sales of internal manufacture	Imports (CIF)
Enternal combustion engines	80.2	20.0	40.0
Pumps	40.0	10.0	20.0
Workshop machine tools	70.0	20.0	33.0
Rollers and presses and rolling cylinders	11.5	7.0	3.0
Wood-working machines	26.0	15.0	7.0
Steam boilers	28.6	20.0	5.0
Hydraulic turbines	2.0	1.0	0.6
Fans	15.0	13.0	2.0
Air and gas compressors	14.0	—	10.0
Boilers and automatic furnaces	8.0	3.0	3.2
Industrial furnaces	14.9	5.0	6.6
Pulverizers	12.0	7.0	3.3
Lifting and loading machines	59.2	20.0	27.0
Road, constructional equipment	120.0	—	80.0
Food processing machines	7.0	1.0	4.0
Textile machinery	73.6	20.0	35.0
Steel mill and foundry repairs	40.0	3.0	25.0
Machine tool fixtures	6.1	1.0	4.0
Heat exchangers	35.0	20.0	10.0
Typewriters and computing machines	25.0	5.0	14.0
Mining and soil preparing machines	45.0	20.0	17.0
Valves and vans	10.0	5.0	3.0
Water and gas meters	10.9	7.0	2.6
Transmission and gear boxes	6.9	2.5	3.0
Medical and sanitary equipment	27.9	2.0	17.0
Irrigators, sprayers	1.0	—	0.6
Refrigerators and cooling equipment	300.0	300.0	—
Refrigerator parts	60.0	—	40.0
Sewing machines	56.6	45.0	7.0
Washing machines	17.7	17.7	—
Road cylinders	1.9		0.6
Air conditioning apparatus and appliances	10.0	4.0	4.0
Scales	1.7	1.0	0.5
Pneumatic and hand tools with engines	3.5		2.3
Office machinery	4.0	—	2.5
Paper machines	48.0		31.2
Binding machines	0.5		0.3
Paper processing machines	2.0	—	1.3
Printing machines	10.0	—	6.6
Leather working machines	3.5	—	2.3
Welding machinery and appliances	2.1	0.5	1.0
Glass working machines	1.5	—	1.0

TABLE : 107 (Contn'd)

Items	Demand	Value of sales of internal manufacture	Imports (Cif)
Special molds	8.7	—	5.0
Ball bearings	46.0	—	30.0
Statistical computors	4.0	—	2.5
Fruit-processing machines	1.7	1.0	0.4
Others	110.0	5.0	70.0
Supplies and spare parts	310.0	10.0	200.0
Total	**1.792.3**	**611.7**	**784.5**
Imports of raw and auxiliary materials	—	—	100.0

4. INVESTMENTS

As seen from Table 108, investments in this sector will amount tp 100.8 million TL. in 1964. Investments in iron and steel plants and in shipyards are shown in the relevant sectors.

Investments in small-scale industries, which form one area of the machinery manufacturing sector and supply the parts for integral manufacture, are shown in the section on small industries.

Investments in the Machinery Industry

TABLE 108 *(Thousand TL.)*

	In foreign currency	Total
General and annexed budgets	315	837
State Economic Enterprises	11.000	26.000
Private Sector	25.000	74.000
Total	**36.315**	**100.837**

5. MEASURES

Production of plant components which can be manufactured internally will be given priority by these concerned. To ensure this the studies on the subject under taken by the Ministry of Industry the SPO, the Union of Chambers of Commerce, and Industry and Trade Exchanges will be completed and regulations covering the points listed below will be prepared within three months.

(1) A list of parts manufactured in Turkey will be prepared, to be taken into account in imports of capital goods for the private and public sector, and no foreign currency will be allocated for the items on this list.

(2) As a general rule the award of contracts covering all stages of work will be avoided. The application of this principle and any exceptions to it will

be defined, where exception can be made stress will be laid on not importing parts that can be manufactured internally.

(3) The methods of determining adjudication periods, capacity and other specification to be announced will be laid down so as to give internal manufacture the opportunity of making preparations on a preferential basis.

(4) Clauses ensuring that those parts which can be manufactured internally are specified in investment projects will be formulated.

(5) In cases where there are quality and price differences between imported and domestic manufactures, objective criteria will be used to determine the case for preferential treatment.

a. Importance will be attached to the internal production of capital goods, where production of these has not been undertaken by the private sector within specified periods of time, they will be manufactured by the State Economic Enterprises.

b. The State Economic Enterprises will make every effort to promote and sell their products and will augement their engineering services in order to develop design, construction, research, and manufacture.

c. In order to utilize excess capacity and assure cooperation in production the naval shipyard at Gölcük, the Machinery and Chemical Industry Corporation, the Sugar Company, the State Railways, the Iron and Steel Works, the Maritime Bank and other allied organizations will collaborate in setting up a Work Programming Board. This board will set up a permanent secretariat and if necessary a separate engineering office, and will work in cooperation with foreign firms as well as with the agency envisaged in the reorganization of the State Economic Enterprises.

d. Technical drafting divisions which at present exist in only four of the Crafts Institutes will be increased and measures will be taken to train larger numbers of technical draftsmen.

e. The formalities which accompany the placing of orders with public manufacturing establishments will be simplified; to facilitate the satisfactory preparation of price bids and to control production; computing and cost estimate offices will be developed.

f. The problem of the diversity of makes among imported spare parts will be studied; methods of meeting demand with longterm measures and through internal production will be specified by March 1964, after which implementation will begin.

g. Licensing and other formalities relating to the heavy diesel motors to be produced by the State Railways will be concluded as rapidly as possible and production will start in 1964 at the latest.

h. Means of manufacturing taximeters without having recourse to further investments by making use of the capacity of the fuse cap plant of the Machinery and Chemical Industries Corporation, will be investigated.

MANUFACTURE OF AGRICULTURAL IMPLEMENTS AND MACHINERY

1. PRESENT SITUATION

a. Today nearly all agricultural implements and machinery required for intensive agriculture can be manufactured internally.

Considerable progress has been made in the production of tractors. The combined capacity of the three tractor assembly factories and the two new plants set up in 1962 reaches a total of 11.500 tractors. This capacity exceeds internal requirements.

2.574 tractors were manufactured in 1962. Internally manufactured components amounted to 45 per cent in only one of the tractor plants.

The manufacture of tractor appliances and others although in insufficient numbers to meet demand, is entirely on a domestic basis.

Production and import figures for the main commodities in this branch are shown on Table 109.

Production and Imports of tractors, tractor and other appliances, 1962

TABLE : 109 *(Unit Numbers)*

Items	Production	Imports
Tractors	2.574	1.569
Tractor drawn ploughs	458	2.615
Tractor trailers	412	—
Disk-harrows	101	—
Tractor weights	275	—
Tractor appliances	1.050	—
Animal drawn ploughs	5.300	—
Hoeing-machines	—	121
Rakes	50	—
Agricultural vehicles	1.018	—
Straw machines	—	26
Drills	—	18
Combines	—	74
Mowers	—	520
Sifting machines	—	13
Plough disks	—	2.833
Threshers	—	17

Source : Production figures are those of the three plants. Imports are taken from the General Directorate of Statistics.

The total value of the production and import figures given in Table 109 is shown on Table 110.

Value of Production and Imports, 1962

TABLE : 110 *(Thousand TL.)*

Production	88.595
Imports (CIF prices)	38.999

It is estimated that demand for the main products of this sector will amount to 322.8 million TL. in value in 1963. Of this a total of 142.6 million TL. will be for imports, broken down as follows : 126.5 million TL. for raw materials and 16.1 million TL. for spare parts. Value added in this sector is estimated at 122.9 million in 1963.

The 1963 production programs suggest that manufacturing plants will be able to manufacture 6.000 tractors as forecast in the plan, though production of various appliances will be below the level envisaged.

In the first half of 1963, imports totalling 38.112 million TL. in value (CIF prices) of which 16.875 million TL. were for 1.128 tractors were recorded.

As seen from these data, the supply of agricultural implements and machinery in 1963 will differ considerably from the amount of equipment required for intensive agriculture. Apart from tractors, the implements used in various agricultural activities should also be manufactured in sufficient quantities to meet requirements. With this object in mind manufacturers, who tend out of habit to manufacture as orders come in, without regard to demand, should start adjusting their production to the plan targets.

Steps should also be taken to ensure that farmers are able to buy the implements produced and use them in the most efficient way.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

A policy to encourage conversion from extensive to intensive agriculture is recommanded in the plan. Mechanization is one of the conditions for intensive agriculture.

In estimating the demand for agricultural machinery in 1964, shown in Table 111, account has been taken of this process of conversion and of the purchasing power of agriculturists and the quantities they will be able to purchase.

These figures indicate a considerable increase in demand compared to former years. The above quantities of machinery and equipment must be made available to farmers if the expected development of agriculture is to be realized. Since farmers are generally accustomed to tractors, it should not be difficult to create this demand. Measures directed towards this aim should be formulated, farmers should be granted certain facilities in their purchases of farm machinery and equipment and distribution agencies should pursue a more vigorous policy for the promotion of sales.

The manufacture of tractors in 1964 will be based on 30 per cent of locally manufactured components. Tractor and other appliances can be manufactured integrally in the country.

Estimates of Demand for Tractors, appliances and other implements in 1964

ABLE : 111

Items			Units	Value of Production (Million TL.)
Tractors			6.000	174.0
Tractor	drawn	ploughs	3.000	10.5
"	"	cultivators	2.000	5.0
"	"	rakes	5.000	3.8
"	"	rollers	750	1.5
Tractor drills			1.700	4.3
Tractor drawn hoeing machines			1.300	1.3
Combines			650	22.8
Tractor drawn threshers			1.500	13.5
Selectors			1.000	8.6
Tractor trailers			2.700	18.9
Animal drawn ploughs			20.000	5.0
Animal	drawn	grain-drills	13.000	31.2
"	"	cotton-drills	2.500	5.0
"	"	cultivators	1.500	0.5
Fanning mills			500	1.6
Animal drawn mowing machines			750	3.1
Rakes			20.000	10.0
Spraying and dusting equipment			—	7.0
Total				**327.6**

3. VALUE ADDED

In calculating the value added, cost factors were evaluated, and the value added per manufactured unit was determined. Value added in 1964 was thus estimated at 124.7 million TL.

4. INVESTMENTS

Since present capacity in agricultural implements and machinery is sufficient, only small-scale investments to make full use of capacity and prevent bottlenecks will be necessary. In 1964, a total of 15.8 million TL. composed of 1.35 million TL. in the public and 14.45 million TL. in private sector, will be invested in this branch of industry. In tractor manufacturing capacity, which is higher than actual needs, no new investments are required.

5. MEASURES

a. The production of the different implements used in different phases and branches of agriculture must be at a level which will meet the needs of intensive farming as indicated in demand estimates.

b. The Agricultural Bank should extend credit facilities to ensure that the equipment produced is brought by farmers. Machinery, and especially implements, will be made avaiblable to farmers as credit in kind.

c. In introducting tractors and their implements and in teaching their various uses, which are extremely important in the implementation of intensive agricultural policy, the Technical Agriculture Organization will supplement the efforts of interested firms.

d. Authorized representatives of the Ministry of Agriculture and the State Agricultural Bank will also sit on the Agricultural Machinery Work Programming Board. In foreign exchange allocation the rulings of this Board will be decisive.

e. Imports of spare parts under the Liberalization List have restricted the use of domestically manufactured parts and adversely affected the development of the assembling industry. Research into remedial measures will be instituted.

MANUFACTURE OF ELECTRICAL MACHINERY, APPARATUS, APPLIANCES AND SUPPLIES

1. PRESENT SITUATION

To a great extent the demand for electrical machinery, appliances and supplies is met by production. The value of production in 1962 amounted to 300 million TL. and of imports to 114 million TL. (CIF). Production in 1962, which was estimated at 189 million TL. in the plan, was thus 60 per cent in excess of the target.

Among the items which are at present imported despite being also manufactured internally are: power transformers, underground cables, batteries, electric bulbs, ail types of heating apparatus such as electric grills, tea kettles (samovars), electric ovens, stoves and others. Production in 1963 was estimated at 331 million TL. in value and imports at 270 million TL. (CIF). With the investments which are being made, domestic production is expected to exceed this estimate. The most important investments are in the manufacture of the necessary materials for electric engines, underground cables, telephone cables, electric meters, telephone apparatus and switchboards, and electricity networks. These investments are entirely private.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

It is expected that domestic production will amount, to 360 million TL in value and imports to 136 million TL. (CIF) in 1964.

The 1964 demand and how it will be met are shown in Table 112.

3. VALUE ADDED

Value added in this sector is estimated at 145 million TL. in 1964.

4. INVESTMENTS

Investments in this sector, which are private, tend to be made in fields where larger-scale facilities are needed rather than in these where manufacturing is simple; and demand is high.

Demand for electric machinery, appliances and supplies in 1964 and meeting this demand

TABLE : 112 *(Thousand TL.)*

Types	Value of Demand	Value of Production	Value of Imports (CIF)
Electric Motors	36.000	6.000	20.000
Electric Generators	20.180	180	16.000
Power Transformers	23.000	14.000	—
Other Transformers	10.500	10.500	—
Underground cables	30.000	7.800	14.800
Electric internal installation cables	47.700	47.700	—
Electric external installation cables	46.000	—	30.500
Telephone external installation cables	17.400	—	11.600
Electric Meters	10.100	4.000	4.000
Telephone apparatus	8.000	—	6.800
Circuit breakers Section isolators	4.500	200	3.750
Distribution and network panels	8.000	8.000	—
Distribution network A. G. circuit breakers	700	700	—
Distribution network fuses	800	800	—
Peshel and bergman pipes	9.000	9.000	—
Bells	700	400	200
Batteries (car etc.)	21.000	18.000	2.000
Batteries (small)	22.700	22.700	—
Signal lights	21.400	20.200	800
Ceiling globes and lampshade bodies	3.500	3.500	—
Radios, record players and the like	149.000	148.900	50
Electric bulbs and fluorescent lamps	20.640	20.640	—
Vacuum cleaners	1.800	1.800	—
Electric irons	1.975	1.900	50
Electric razors	4.350	4.200	100
Electric grills, ovens, stoves and tea kettles (samovars)	2.250	2.200	25
Electric fans	370	350	25
Fluorescent lamp bodies	1.645	1.645	—
Ballasts	1.620	1.620	—
Electric welding machines	6.000	1.500	3.000
Redressors	3.250	250	2.000
Amplifiers	600	250	250
Loud speakers mecrophones	7.600	100	5.000
Insulating tape, yellow tape	850	850	—
Condensers	12.800	—	8.500
Insulators	1.400	1.400	—
Total	**557.330**	**361.285**	**129.650**

It is estimated that private investments in 1964 will total 67 million TL. of which 20 million TL. will be in foreign currency.

5. MEASURES

a. Investigations will be carried out into the possibilities of manufacturing generators and motors of more than 10 HP by utilizing the excess capacity of the central workshop of the Turkish Coal Enterprises in Zonguldak and the plants of the State Railways.

b. Assembly firms manufacturing radios record-players and similar articles, vacuum cleaners, electric razors, tape recorders and other will be required to a certain proportion of domestically manufactured component in order to receive foreign exchange allocations in 1965. The required proportion for each products will be determined by the Ministry of Industry in 1964.

MANUFACTURE AND REPAIR OF TRANSPORT EQUIPMENT

1. SHIPBUILDING AND REPAIRING

a. Present Situation

In 1962, 5 tankers and cargo vessels, 2 car ferry-boats, 2 passenger ferry-boats, 3 tug-boats and 29 different sheet-iron boats, representing a total tonnage of 3.100 DWT were launched. In 1963, a 3.350 ton tanker and 1200 DWT tanker 5 tankers and cargo vessels, 2 passenger and car ferry-boats, 1 tug-boat and 13 various sheet-iron boats making total tonnage of 930 DWT were, launched

Every year, 150 wooden motor and sailing craft of a total tonnage of 30.000 DWT, each evaraging between 100 and 400 DWT, are built. The total cost of craft constructed is about 30 million TL. Numerous wooden barges and hulls smaller size are also built. The cost of repairing and building steel hulls amounted to 130 million TL. in 1962.

Ships of a total value of 179.8 million TL. of which the major portion amounting to 89.000 TL. was for 2 tankers, were imported in 1962. There are nine shipyards where hulls are built and repaired in Turkey, two of which belong to the Naval Forces, four to the Maritime Bank, and three to the private sector. There are 5 further shipyards dealing only with repairs. The shipbuilding yards have a processing capacity of 21 thousand tons of steel. With the investments to be made to overcome shortages and the organizational measures to be taken, steel processing capacity is expected to rise to 51.500 tons.

1963 should have been the year of investments in and prepartions for the development of the shipbuilding industry. Despite a total of 13.8 million TL of investment forecast in the plan, it was not possible to program investments of more than 6.1 million TL.

Ship imports were discontinued as forecast in the 1963 program. Studies are proceeding on the measures to be taken to establish a system of control in shipbuilding, and to coordinate shipbuilding and imports. Credits to develo shipbuilding and finance the orders of ship-owners have not yet been provided. It has therefore not been possible to follow up foreign proposals to undertake shipbuilding in Turkey.

The repair of foreign ships entering Turkish harbors or crossing Turkey's territorial waters presents certain administrative difficulties.

The setting-up and enlarging of private shipyards is made more difficult by the fact that industrial zones are not precisely defined.

b. Demand for Vessels and shipbuilding program in 1964.

The studies made have shown that by 1967 carge vessels of a total tonnage of 500.000 DWT and tankers for external trade and coasting-line transport of a total tonnage of 210.000 DWT will be needed. In preparing the shipbuilding program, account was taken of the ships to be sorapped and of shipyard capacity. Requirements for military and ore-carrying vessels, car ferry-boats and other small craft are also envisaged in the program.

The ships to be launched under this program in 1964 are shown in Table 113.

1964 Shipbuilding Program

TABLE : 113

Type	Unit	Tonnage Per Ship
Ore transport	2	10.800 DWT
Tanker	1	3.650 Dep. Tons
Tanker	1	1.500 DWT
Tanker	4	250 DWT
Ocean ferry-boat (for vehicles)	2	
Ferry-boat (for vehicles)	3	
Tug-boat	3	
Cargo vessels	10	250-1000 DWT
Other iron-sheet vessels (less than 250 DWT)	22	

Providing credits for shipbilding will cause the demand to rise above program forecasts. 1964 will be a year of properation in shipbuilding and of completion of necessary investments. Imports will also decrease in 1965 with the domestic manufacturing of sheet steel, engines of sufficient power and machines. From 1965 onward the shipbuilding program will be more ambitious in scope.

The program shown on Table 113 is related to internal demand, and will have to be increased in the case of ship exports. Since a decrease in the tonnage of the commercial fleet is expected in 1964, repairs will be fewer than in provious years and are estimated at about 100 million TL.

c. Value Added

Value added in shipbuilding and repairing is estimated at 90 million TL. in 1964.

d. Investments

As shown in Table 114, investments in 1964 will amount to 22 million TL.

Shipbuilding Investments

TABLE : 114 *(Million TL.)*

Investments	1964	
	In foreign currency	Total
General Budget	—	1.000
State Economic Enterprises	1.550	15.741
Private Sector	1.900	5.000
Total	**3.450**	**21.741**

e. Measures

(1) A "Shipbuilding Credit Fund", supported by public resources, will be inaugurated in the Maritime Bank be encourage and finance shipbuilding. Shipbuilding orders will be financed from this fund with, shipowners contributing a predetermined percentage of the cost of the ship. Provision of credit to foreigners ordering ships will be made under conditions similar to those prevailing on the world market.

(2) Measures to ensure repairs to the ships in the country will be studied at the earliest opportunity. The revelant provisions of Law 3339 will also be reviewed.

(3) The organizational work for a shipbuilding corporation will be continued, and shipbuilding will actually commence, given the cooperation of existing facilities.

(4) The custom difficulties raised by repairs to foreign ships will be removed and the necessary facilities provided. Consideration will be given to the designation or establishment of a shipyard to which a free-area regime will apply.

(5) Ways and means of using foreign capital to develop the industry and stimulate exports will be studied.

(6) The shipyards of the Maritime Bank which have a large manufacturing potential and employs skilled labor will be directed towards the construction of larger vessels.

2. MANUFACTURE OF MOTOR VEHICLES

a. Present Situation

(1) Capacity, value, and indigenous content of production in 1962 on the basis of 300 8-hour working days is shown in Table 115.

BLE : 115 **Motor Vehicle Capacity and Production**

Type	Capacity in Numbers	1962		
		Percentage of indigenous content	Numbers	Value (1000 TL.)
Trucks-Pick-ups	10.800	12.35	1.354	72.310
Buses-Microbuses	1.400	22.73	820	22.508
Automobiles-Jeeps	8.500	15.78	877	24.238
Total	**20.700**	**15.23**	**3.051**	**119.056**

14.3

72
30
17

The average percentage of indigenous content shown in Table 115 varies tween 10-36.8 per cent in trucks, 11-24 per cent in buses and microbuses, d 15-20 per cent in cars.

The CIF value of motor-vehicle imports in 1962 was 544.6 million TL. 356.9 illion being the total for 13.500 trucks. Vehicles brought into the country ithout allocations of foreign exchange are not included in this figure.

Truck imports in the first half of 1963 amounted to 190.5 million TL. (CIF lue). These imports further increased the already redundant truck transport pacity.

The manufacture of 2.000 trucks and pick-ups, 2.200 buses and micre-ises, and 1.800 land rovers was forecast in the 1963 program.

It is estimated that by making use of quota allocations and by manufac-ring and assembling less powerful trucks than those on which present quota locations are based, a greater number of trucks than that foreseen in the an will be manufactured and assembled. Production and assembly of military ucks was begun in 1963. Allocations for bus chassis are less than those recast in the program. However, in view of the fact that the manufacturers bus bodies use truck chassis, it is estimated that the anticipated number of ses will in fact be manufactured.

Passenger cars are not manufactured internally and are brought into the untry by way of imports without allocation of foreign exchange. The estimated mber of passenger cars brought into Turkey in 1962 is at least five thousand.

Four establishments are at present engaged in the manufacture and sembly of trucks, pick-ups, microbuses and land rovers, and three more are ing set up. Many other firms are preparing to enter this field. Any increase dustry, private enterprise accounts for nearly the whole of production in this the number of assembly projects will impede development of this industry d will have the effect of slowing the trend towards raising the indigenous ntent. The foreign exchange allocations to this industry moreover will cover e manufacture of vehicles of only a given aggregate value.

Imports on a CKD basis of the vehicle parts used in domestic manufatcure assembly CKD are an important element in increasing the proportion of digenous components and saving foreign exchange.

Buses are manufactured mainly adding coach works to truck chassis. With the exclusion of smaller buses, there is little manufacture of types in which body and chassis are fused. The differences between bus and truck chassis are marginal, many parts being common to similar types, and buses can be manufactured and assembled with a truck chassis as a base. This makes it possible at the same time to save foreign exchange, increase profit margins in manufacturing, raise the indigenous content and lower costs. Import quotas for complete bus chassis units should therefore be discontinued and it is by utilizing truck chassis that domestic production and assembly should be encouraged to develop.

A major problem in the manufacture of motor vehicles is increasing the indigenous content of products. The industry must advance beyond the mere assembly stage. It will be possible to raise indigenous content by following a stable, planned policy aimed at promoting the manufacture of certain types and models, by allocating foreign exchange with a view to raising this content and by withholding foreign exchange allocations whereever a given level of domestically manufactured components has not been attained.

Classifying motor vehicles by types will help to increase indigenous content. The contracts awarded for a number of the trucks required by the Ministry of National Defense stipulated a certain percentage (40 %) of locally manufactured components.

b. 1964 Demand Estimates and Production Targets.

Domestic production and assembly will be the basis for meeting motor vehicle requirements in 1964. Foreign exchange allocations for the manufacture of trucks and pick-ups in 1964 will be sufficient for the manufacture and assembly of 2.500 vehicles. It may even be possible to exceed this number with an incrase in indigenous content and the help of other factors.

The demand for buses and micro-buses is estimated at 2.400. Existing body workshops, together with these under construction, will be capable of supplying requirements. The manufacture of touring coaches has also commenced. Bus imports will therefore be abandoned entirely.

Demand for passenger cars is high. Limitation of demand for this luxury consumer item was considered necessary in the development plan. Although the assembly of private motor vehicles has begun, the increase will continue to be met by imports without foreign exchange allocations.

c. Investments

Investments in 1964 exclusively private in character, are estimated at 82 million TL. of which 36 million TL. will be in foreign currency.

d. Value Added

Value added in 1964 is estimated at 96 million TL.

e. Measures

(1) Imports of vehicles to be manufactured and assembled in this country will on a CKD basis and parts will not be welded or riveted, but only painted for protective purposes.

(2) Under the bus quota allocated to industrialists, imports of CKD bus chassis will be permitted. The same principle will be applied in the case of micro-buses

(3) The categories for type classification of motor vehicles will shortly be defined.

(4) The "Factory-in-bond" system, which goes a step further than the fictive bonded-warehouse system, will be applied in the manufacture of motor vehicles.

(5) Imports of expensive vehicles such as six-seat pick-ups and station-wagons will not be permitted.

(6) Since sufficient capacity for bus manufacture can be created by applying modern techniques, imports of finished buses will be discontinued.

(7) Imports as spare parts and motor vehicle parts which can be manufactured internally will be gradually reduced and finally discontinued. Import permits for drivers' cabins, hoods, fenders, and bodies for pick-ups and similar vehicles will accordingly be withheld in 1964.

(8) The technical specifications laid down for motor vehicles by the State Supplies Office will be reviewed in the light of the following principles: conformity of the upper and lower limits to economic and other conditions in the country; reduction in the variety of types; discontinuation of imports of expensive vehicles.

3. MANUFACTURE AND REPAIR OF RAILROAD EQUIPMENT

a. Present Situation

The rolling stock of the State Railways is repaired, replaced and manufactured in 4 large plants and in 87 warehouse, open-shed and inspection worksphops. A total of 162 passenger and freight cars, 18 safety barrier mechanisms, 310 railroad switches and 157.000 railroad-sleepers an aggregate manufacturing value, together with other items, of 77.9 million TL. 43 per cent higher than in 1961, was manufactured in 1962.

The value of repair work in 1962 was 96.3 million TL. Imports of rolling stock in 1963 amounted to 48.3 million TL. (CIF) of which half was for locomotives and diesel cars.

Full use is not made of capacity of the State Railways, owing mainly to the fact that these plants are regarded as an auxiliary branch of railroad transport.

An investment of 27.2 million TL. for the manufacture of electrical and diesel locomotives, passenger and freight cars, and other items was programmed in 1963. Besides these, 360 freight, 125 are transport and 10 passenger cars are in course of manufacture.

The manufacture of railway equipment follows a long preparatory period and in Turkey today, all types of wagon can be manufactured.

In order to overcome any hitch in the locomotive manufacturing programs for 1964 and subsequent years, licence agreements and other formalities are to be completed by March 1964, and preparations for actuel manufacturing can be proceeded with.

The Railway workshops are also suitable for manufacturing machinery and metal goods. Measures should be taken to make fuller use of these facilities, and in particular the measures stressed in the section on the manufacture of machinery should be carefully considered.

b. 1964 Manufacturing Targets

The manufacture of 530 freight and 40 passenger cars are forecast for 1964 in the Development Plan. In addition, the materials required for the projected manufacture of 60 passenger and 600 freight cars in 1965 will be stockpiled in 1964.

The following preparations for the manufacture of diesel locomotives and electrical locomotives will also be completed in 1964 : Licence agreements, production planning, the necessary expansion of plants, and the purchase of the necessary machine tools and supplies.

c. Investments

The State Railways will make investments of 20 million TL. of which 7.2 million TL. will be in foreign currency for the repair and manufacture of railway equipment in 1964.

d. Value Added

The value added in the manufacture and repair of railway equipment is estimated at 125 million TL. for 1964.

e. Measures

(1) Licence agreements and other formalities pertaining to the manufacture of diesel and electrical locomotives will be completed by March 1964, and production preparations will commence.

(2) The possibility of increasing the production of the State Railway plants will be studied. These studies are to be completed by June 1964 at the latest and will lead to appropriate courses of action.

SMALL-SCALE INDUSTRY AND HANDRICRAFTS

1. PRESENT SITUATION

Small-scale industries and handicrafts, which generaly occupied an important place in the economy of other countries and tend to increase in porportion to large-scale industry, are stagnant and even regressing in Turkey. Turkish handicrafts, which were formely held in high esteem in foreign countries, have lost their importance today.

The reasons for this decline of small-scale industries and handicrafts should be sought in the long period of neglect which they have suffered; the lack of an organization responsible for giving training and guidance, and the fact that they do not compete with industrial products in price and quality.

Available data on the distribution of small industries handicraft centers and workers does not by any means cover the whole of this sector. It is estimated that there are 1.5 million tradesmen and artisans in Turkey, artisans numbering 600.000 Of the total number of 187.829 work centers listed by the Confederation of Trades and Crafts Organizations, 62.785 are small industry workshops, 70.576 craft workshops and 54.468 shops or centers concerned with the tourist trade.

The problems of small scale industries and handicrafts can be summarized as follows :

a Organization

There is no central organization exercising control over the whole field of small industries and providing guidance in the areas of technical knowledge, marketing and legislation These working in small industries and handicrafts are grouped in voluntarily formed "craftsmen's associations".

There are 98 craftsmen's associations and 12 federations affiliated to a principal Confederation. As these associations lack sound finances and organization, they cannot give effective assistance to their members.

b. Location

Small industry and handicraft workshops are scattered throughout cities and smaller towns Conditions of work are uncongenial and there is no coordination of effort in the broader field of production. The first industrial markets established recently in rural centers are far from successful. In the establishment of small industries in these industrial sites or markets, it has not been possible to form trade groups or provide facilities for work.

c Lack of Technical Knowledge

In this branch of industry, which depends primarily on manual labor and individual skill, there is no organization for training artisans or teaching up-to-date techniques and finer craftsmansip. Although knowledge of this branch of industry is generally acquired on the job through apprenticeship, cources have been opened in various regions by the Ministries of Education, Industry and Agriculture, to provide training and technical knowledge for artisans and craftsmen. Efforts should be made to extend the scope and increase the effectiveness of the courses opened for this purpose.

d Capital and Materials

The resources available in this field are limited trade capital and the credit extended by the People's (Halk) Bank.

The resources of the People's Bank amounted in 1962 to 224.861 million TL. 204.819 million TL. of which were made up of loans. Bank credits are granted through the intermediary of the Small Industry Security Cooperatives. Although it is agreed that two-thirds of the loans will be granted to industrialists and the remainder to craftsmen, the scheme does not work properly in practise.

The amount of credit granted to each tradesman is 2.500 TL. As a result of the intermediaty of the Cooperatives, higher interest is charged on these credits which are repayable in nine months. Though the nominal interest charged by the People's Bank is 9 per cent, actual rates to the borrower vary between 15.75 and 22.95 per cent.

In addition to this, 12 million TL. in A. I. D. counterpart funds have been released to establish a loan fund for the encouragement of small industries. Credits of between 10.000 to 25.000 TL. repayable in five years at 7 per cent interest are made available to craftsmen from this fund.

The People's Bank has 55 branch offices, 3 People's Funds, 3 agencies and one bureau. It distributes credits through the channels of the Small Industry Security Cooperatives to 78.257 work centers.

As the credits of the People's Bank are frozen, only a specific group has access to its loan facilities.

2. POLICY TO BE APPLIED IN REGARD TO SMALL INDUSTRIES

In view of the effect of small industry and handicrafts on the level of employment and of the fact that they are ancillary and complementary to large-scale industries, the policy to be applied in this respect must be based on the following considerations :

a. Measures should be sought to assure that the products of small industries are comparable in quality and price with those of large-scale industries and imported goods; the sale of traditional Turkish handicrafts on internal and external markets should also be promoted.

b. Efforts should be made to produce household articles and handicrafts which are exportable as souvenirs.

c. Small industries should process and enhance the value of the residual products of large-scale industries, or by utilizing finished or semi-finished products should find means of using the idle capacity in the industrial sector.

d. Village industries should be established near the sources of raw materials and should process local agricultural products wholly or partly and find means of utilizing the redundant labor force in the agricultural sector.

e. Household and handicrafts should be promoted as a source of income for the local agricultural population, thus arresting unbalanced urbanization.

3. INVESTMENTS

Investments in this sector of those to be financed by the resources of the trade itself or by credits, and of investments in the establishment of industrial arkets and sites. Additional credits of 30 million TL. will be extended by the eople's Bank in 1964. Investment credits will be granted with priority to oduction-increasing schemes.

In order to assist the creation of industrial sites and markets and thus lp to solve the settlement problem by of small industries and handicrafts, million TL. will be appropriated by the Ministry of Finance from the general udget. This fund will be used to establish five new industrial markets in sites be determined by the State Planning Organization. Contributions by provin- al administrations, municipalities and craftsmen's organizations to investment this field will also be encouraged.

2 million TL. will be allocated to the Ministry of Industry in 1964, of hich 1.5 million TL. will be distributed to small industries and crafs in the rm of machinery and supplies, and remainder will be used to open 250 aining courses.

MEASURES

a. Organization

(1) In order to implement the policy for small-scale industry and handi- afts, to contribute to the development of this sector at the desired rate, and lead the way in regulations and quality control, the Department of Small - ale Industries of the Ministry of Industry will be adequately reorganized and ill be assigned the necessary responsibility. The agencies under the control various Ministries will be concentrated under this Ministry.

(2) A central organization will be set up within the Confederation of aftsmen's and Artisans' Associations which will have the task of promoting e planned development of small industries and of providing guidance and sistance in such matters as supplying credit, establishing cooperatives, pplying raw materials and equipment, finding outlets on internal and ternal markets and applying regulations and quality control. The Confedera- on will be raised to the status of the Chambers of Commerce and Industry d Trade Exchanges. Registration with the Confederation will be compulsory d membership will confer advanteges. The Confederation will also be the eans of obtaining credit and other facilities for small industries from the ate, and will set up boards to advise the trade on marketing, technical owledge and organization. The bill prepared on this subject will be enacted 1964.

b. Efforts will be made to accelerate studies instituted on the establish- ent of urban markets and sites and the grouping of small industries; care ill be taken to assemble the same branches of small industries and handi- afts in these sites.

c. The bodies responsible for proving technical training to small industries ill prescribe their cources in collaboration with the Confederation.

d. Foreign technical aid will be sought to establish the Confederation on sound basis and develop its technical services.

e. It will be necessary for the Ministries of Finance, Commerce and Industry, the State Planning Organization, the Central Bank and the People's Bank to review the subject of frozen credits in the light of the requirements of small industries and of the Bank's resources, and to adopt appropriate measures. The resources of the People's Bank may have to be increased.

f. Credits to small industries will continue to be distributed through the channels of cooperatives. Means will be sought to ensure that guarantees by these cooperatives are recognized by other banks and regarded as valid in other normal commercial transactions.

g. The fees charged by these Security Cooperatives must be reduced. To achieve this objective :

(1) There cooperatives board of administrators should be reduced;

(2) Their personnel and budgets should be examined by a committee consisting of representives of the Ministry of Commerce, the People's Bank and the Confederation, and should be approved by the Ministry of Commerce.

(3) The Statutes of these cooperatives should show uniformity.

h. Machinery and machine-tools replaced in public establishment in the process of modernization should be transferred to small industries.

i. The raw and auxiliary material requirements of small industries which cannot be met from internal sources should be supplied by allocations from quotas approved on the basis of previously determined and published objective standards.

j. The dominant small industries and handicrafts in five new villages or small towns selected as pilot regions in Regional Development Projects will be recognised and means will be sought to encourage them.

k. Oppurtunities of nation-wide publicity for the products of small industries and handicrafts provided by fairs and exhibitions will be exploited. Sales and exhibits of these products in tourist regions will also be encouraged.

l. The fields in which small-scale and large-scale industries can work on a complementary basis will be determined and the ancillary production of small industries will be developed.

m. In implementation measures, a distinction will be drawn between the producers and the sellers of small industry and handicraft articles, and prior facilities will be granted to producers.

n. Financial and legal measures relating to the development of small-scale industries in more productive, and larger installations will be arranged by the Ministry of Commerce, Industry and Finance.

CONSTRUCTION

1. PRESENT SITUATION

Lack of cohesion still exists in the organizational and working metho of public construction agencies, which prevents them from making full use o administrative and technical personnel and of machinery and equipment. Problems concerning technical personnel, such as salaries, responsibilities, administrative and technical services have not been completely solved.

The most important element in public sector construction and project designing is the contractor. The present relationships between the administration and contractors are based on legislation, contracts, and stipulations which tend to increase costs, reduce quality and prolong construction periods; these factors lead to various legal conflicts and to the entry of less reputable firms into business.

In addition to this, capacity in public and private constructional machinery and equipment is not fully utilized.

Standardization of and research into construction materials will help to ensure that luxury materials are not used, that custs are reduced, and that resources directed to more productive fields.

2. 1964 DEMAND AND MEETING THIS DEMAND

Figures for total investment in 1964, induding those for the share of investment in construction, are shown in Table 116.

Investments in Construction

TABLE : 116 *(Million TL.)*

Total Investment	Construction Investment	Construction investment as per cent of total investment
11.347,0	7.350	64.7

Table 117 shows the requirements for the main building materials resulting from the construction investment figure in Table 116.

TABLE : 117 **Demand for Main Construction Materials**

Materials	Unit	1964 Demand
Cement	1.000 tons	2.769.0
Manufactured lumber	1.000 M^3	735.0
Brick	Million unit	282.0
Construction iron	1.000 tons	340.0

69.5 million m^3 of earth will also have to be excavated. The demand for basic construction materials can be met internally.

3. INVESTMENTS

Investments in construction resulting from total investment will amount to 7.350 million TL. in 1964. These investments are to be found under headings for each sector and do not appear separately.

4. MEASURES

a. To ensure that the practice of implementation through different methods and different public organizations, in halted studies on the concentration of all building construction into specific centralized agencies will be conducted.

These studies are intended to assure economies in construction as well as the best utilization of technical personnel.

b. Measures must be taken to ensure that projects are ready at the time required and that investments are started at the beginnig of the construction season. Investing departments should consider this fact when preparing their projects and if unable to do so themselves should have recourse to private project-designing firms, local or foreign. Under all circumstances details and cost estimates for a project should be prepared at least one year ahead of construction.

c. The control of a project will not be dissociated from its design and projects will not be entrusted to private firms which refuse to undertake technical control of construction.

d. In preparing a program of building requirements, investing departments will consult the relevant technical experts and will work in cooperation with constructing departments. Essential requirements in project designing will be determined ahead of time in order to assure economies.

e. A project designed for a given location may be set up elsewhere only if this is considered feasible by competant advisers.

f. Standardization of construction materials and investigations into new and economical materials to replace luxury materials will be speeded up. The conclusions of these studies will be applied by constructing departments and related organizations.

g. In districts covered by regional planning, the activities of investing departments and local administrations will be coordinated with these included in regional plans. Investment proposals which are at variance with those of regional plans will be ruled out.

h. In the preparation and application of town plans strees will be laid on the preservation of building and facilities condition and unnecessary investments will be avoided.

i. Reliable and up-to-date records of building contractors will be kept, specialization will be encouraged, and the emergence of unreliable firms making profits at the expense of the State will thus be prevented.

j. A system of skilled foremen will be established. The present system, under which workers trained in Building Institutes, Crafts Institutes and Master Builders' schools are disappearing from the market and under which non-qulified people may claim to be master workmen in all kinds of construction trades, makes for higher costs and lower quality, and will be modified.

k. In areas where villages are prepared to contribute voluntary labour and this creates no technical difficulties, preference will be given to the system of construction by work order.

l. Foreign engineering firms which have been commissioned to desing projects should be encouraged to employ Turkish engineers and thus pave the for the development of internal engineering services.

m. All departments responsible for investment will make detailed inventories of their construction machinery and equipment and submit these inventories showing locations and distribution to the State Planning Organization by March, 1964.

ENERGY

PRIMARY ENERGY

Six sources of primary energy, of which four are commercial (hand coal, lignite, petroleum products and hydro-electricity) and two non-commercial (wood and dried dung) are in use in Turkey. These can be utilized directly as well as converted into secondary energy. More detailed information on hard coal, lignite and petroleum products is given in the mining section.

1. PRESENT SITUATION

Studies on the utilization of primary energy sources were made in 1963, but they have not led to far-reaching measures for the better utilization of these sources. At present no definite policy is followed with regard to enery, and non-commercial sources of energy continue to be used on a large scale. The utilization of primary energy sources in 1962 is shown in Table 118.

Consumption of Primary Energy Resources

TABLE : 118 *(Million Tons - Million Kwh)*

	Volume	In Coal Equivalent	As percent of total	Volume	In Coal Equivalent	As percent of total
Coal	3.4	3.4	18.4	3.9	3.9	19.0
Lignite	2.3	1.5	6.5	3.0	1.9	7.9
Petroleum products	1.7	2.7	14.6	2.1	3.3	16.4
Hydroelectric power	127.6	0.6	3.2	111.7	0.6	3.1
Wood	13.1	5.7	30.8	13.5	5.9	29.3
Dried dung	14.0	4.9	26.5	14.0	4.9	24.3
Total	—	**18.8**	**100.0**	—	**20.5**	**100.0**

Total energy consumption in 1962 was 8.6 per higher than in 1961. Per capita consumption of the different items amounted to 684 Kg. in coal equivalent. Consumption of commercial energy resources increased by 3.7 per cent over 1961.

On the basis of the studies made in 1962, the provinces of Eruzurum, Kars and Ağrı were selected by the Ministry of Industry as experimental regions for the application of energy policy. Inmplementation has not yet started and so far only research into the problems defined in the 1963 program has been carried out.

The basic principle is to lower energy production costs to a minimum by making the most rational use of power resources. It is therefore necessary to determine the prices of fuels derived from primary energy sources of a commercial nature in the light of production costs, and to assess reserves and supply, so as to ensure that energy is used most efficiently and appropriately from the technical view point and that the introduction of advanced techniques is promoted.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

a. It is estimated that the general tendency towards increase noted in energy consumption will continue in 1964, and that total consumption will amount to 23 million tons and per capita consumption to 782 Kg. in hard coal equivalent.

b. The demand will be met from previonsly existing sources. (Table 119).

Sources from which Demand will be met in 1964

TABLE : 119 *(Million Tons - Million Kwh)*

	Quantity to be consumed	In hard coal equivalent	As percentage of total
Coal	4.2	4.2	18.2
Lignite	4.0	2.6	11.2
Petroleum products	2.6	4.2	18.2
Hdyroelectric power	200.0	1.0	4.2
Wood	14.3	6.3	27.1
Dried dung	14.0	4.9	21.1
Total	—	**23.2**	**100.0**

As can be seen from Table 119, an increase (explained by the normal course of the economy and implying no intensification of effort) is expected in the percentage of commercial fuels used. This percentage will rise from 46.4 per cent in 1962 to 51.8 per cent in 1964. 15 per cent of this demand will be met by crude oil imports.

3. MEASURES

a. In addition to the pilot region of Erzurum - Kars in which studies were started in 1963, three more pilot regions will be selected for the implementation of energy policy in Central, Northern and Southern Anatolia respectively, where work will shortly proceed.

b. The People's Bank will provide credit facilities to stove manufactures in these pilot regions to encourage small industry to manufacture economical utility-type lignite-burning stoves.

c. The specifications for the type of cheap lignite stove to be used in those regions will be determined by the Ministry of Industry in collaboration with the Mechanical and Chemical Industries and The Confederation of Small Industry Guilds. Stove-makers in the regions concerned will then receive brief practical instructions in the method of manufacture.

d. The type of stove selected by the General Directorate of Forestry for manufacture by local inhabitants will be introduced by the Ministry of Agriculture and Industry in the pilot regions concerned.

e. The Mining Research and Prospecting Institute will give priority to exploring lignite fields in the pilot regions.

f. In the contruction of provincial, village and forest roads, particularly in the pilot regions, priority will be given to the construction of roads linking lignite mines to highways.

g. The Ministry of Industry will organize courses to promote the use of lignite in cities and to demonstrate how this fuel should be used.

h. Steps will be taken to encourage the use of lignite in pilot regions and to provide training in lignite combustion and credit facilities for buyers.

i. Work and progress in the pilot region will be closely observed by the Ministry of Industry and quartely reports will be submitted to the State Planning Organization.

j. Fuel prices will be reviewed in the light of costs and fuel reserves in Turkey and buyers will be enabled to compare unit costs of different fuel. Practical application of these studies will commence from June 1964.

SECONDARY ENERGY

Secondary fuels in Turkey consist of briquettes, coke, gas, LPG and electricity. Petroleum products are considered under primary energy sources.

1. BRIQUETTES

Due to combustion difficulties and their high costs, briquettes are not much used. 135,000 tons of the 150,000 tons produced are used by the State Railways.

2. LIQUID PETROLEUM GAS

a. Present Situation

Liquid petroleum gases include propane and butane, produced mainly through the desilting and "cracking" of heavier oils and partly in the refining of crude petroleum and the corresponding isomers. These are liquefied under pressure after a special refining process and distributed in steel cylinders. LPG began to be used for household and industrial heating purposes after the Ipra, (Istanbul Petroleum Refinery Inc.) plant was opened in 1962. Other refineries then proceeded to set up similar facilities. 85 thousand tons of LPG per year can be obtained from refineries. Up to 1,500 tons of liquid gas were consumed in 1962, which was the first year of its introduction. Filling and distributing firms which have a capacity of 50 thousand tons.

b. Demand and Productive Capacity

It is difficult to make demand projections for LPG, which is a new fuel. Figures for 1962 suggest that its field of utilization will be large and that consumption will be heavy, particularly in areas where coal gas is not available. Demand for this fuel is expected to be in the region of 10,000 tons in 1964. This demand can be met with ease.

c. Investments

In order to increase capacity and eliminate bottle - necks, up to 1 million TL. will be invested by LPG manufacturers in 1964.

3. GAS

a. Present Situation

Gas plants and distribution systems exist only in the cities of Istanbul, Ankara and Izmir. These five plants have a capacity of 140 million cubic meters, which will increase to 190 million cubic meters with the new furnaces to be completed in Istanbul and Ankara in 1963. Gas consumption in 1962 was 102.5 million cubic meters. With the exception of Izmir, capacity is generally in excess of demand. Shortages in some areas are due to inadequacy of the distribution system.

b. 1964 Demand Estimates and Production Targets

Gas demand in 1964 is estimated to amount to 135 million cubic meters, and the expected output will have a value of 91.5 million TL.

c. Value Added

Value added is estimated at 41 million TL in 1963.

d. Investments

Distribution systems will be extended and new depots constructed in Istanbul, Ankara and Izmir. Studies are being conducted on the possibility of burning residues in the extension to the Yedikule gas plant in Istanbul. In these studies which are aimed at introducing a new technique, coke production should remain the prime consideration, and the project should be applied only if, measures which may have to be taken to overcome any consequent decrease in coke capacity, it is still considered suitable.

4. COKE

a. Present Situation

Coke is produced from hard coal as a primary product in iron and steel works, where it is principally consumed, and as a by - product in gas factories. A semi - coke factory is also operated in the Turkish Coal Works. Capacity is 815,000 tons and output in 1962 was 748,000 tons. 545,000 tons of this were used as domestic fuel.

The third coke factory in the Karabük Iron - Steel Works (410 thousand tons) began producing in the first few months of 1963. Capacity has expanded to 1.3 million tons, which includes the extension of gas plants.

Coke production is far from meeting present demand. Supplies are restricted and distribution is rationed.

b. 1964 Demand Estimates and Production Targets

Total demand for coke in 1964 is expected to be 1.21 million tons of which 473,000 tons will be used in the iron - steel industry.

A coke factory with a capacity of 420.000 tons in being erected together with the Ereğli Iron-Steel mills; it will be completed ahead of program and will start trial production in 1964. The first Karabük coke factory, which has been in use since 1938, needs to be recoated. This will require thorough examination in the light of the gas requirements of the Karabük Iron - Steel Mills. Coke supplies will therefore continue to be scarce.

Coke production from lignite and hard coal will start in 1964.

c. Investments

Total investments of 32.8 million TL. will be made in 1964, of which 22.845 will be by local administrations for coke production and gas distribution systems, and 10 million by State Economic Enterprises for the renovation of the first coke factory.

d. Measures

(1) Coke obtained from a mixture of lignite and hard coal will be used instead of coke for domestic purposes.

(2) Coke used for domestic purposes may be of an inferior grade to metallurgical coke. It is therefore possible to increase capacity by shortening the baking period. This method of increasing production capacity will be applied in 1964.

5. ELECTRIC POWER

a. Present Situation

Little use is made of the large potential hydro-electric resources, estimated at some 53 million Kwh., existing in Turkey.

The 1962 generating capacity of the various systems is shown in Table 120.

TABLE : 120

Installed Power Station Capacity, 1962

	Power (MW)	Generation (Million Kwh)
North-West Anatolia	499	2.722
West Anatolia	200	690
Çukurova	51	257
Antalya and the Lake region	36	160
Outside the systems	542	572
Total	**1.328**	**4.401**

The capacity of existing systems was not increased in 1962, but the North-West and West Anatolia systems were linked with the Bursa-Balıkesir power transmission lines. Thus in both systems concentration and shedding of power is now possible and capacity has been eased. Although a seperate additional source capable of supplying 16.000 kwh. materialized in 1962 it consists of disconnected diesel power plants and so does not represent an increase in the systems.

TABLE : 121

1962 Generation

Systems	Gross Generation (Million Kwh)	Peak Load (Thousand Kw)
North - West	2.254	416
West	382	76
Çukurova	182	37
Antalya and the Lake region	36	12
Others	699	259
Total	**3.553**	

Power consumption, which stood at 3050 million kwh. in 1961, has shown an increase of 16.5 per cent. With the revival of industrial activity after the general economic stagnation of 1961, demand for electric power also rose rapidly, particularly in the first 8 months. Dry weather having lowered the water level in reservoirs, however, clocks were advanced one hour to save energy and avert any impeding power shortage.

Capacity is not expected to increase in 1963, except in individual plants and will be able to meet only a normal increase in demand. The linking of the Western and the North-Western system has been completed and surplus power will be transmitted to the North-Western system to compensate expected shortages. Precipitation in 1962-63 was good and reservoirs were completely filled. If systems are efficiently operated it will be possible to start the summer of 1964 with full reservoirs and shortages will not occur.

Diffusion of responsibilities a further important problem which it is tended to solve by the establishment of single competent organization. A bill this effect has been prepared.

b. 1964 Demand Estimates and Production Targets

Demand projections for 1964 based on 1962 results and on developments 1963 are shown in Table 122.

1964 Demand Projections

ABLE : 122

Systems	Demand for gross electricy generation (Million Kwh)	Peak Load Demand (MW)
North - West	2.950	540
West Anatolia	500	100
Çukurova	226	47
Antalya and the Lake region	144	23
Other regions	710	262
Total	**4.530**	[illegible]

Electric power consumption in 1964 will rise by 12.9 per cent above that f 1963, which is expected to be 4.11 billion Kwh. Power generated to meet the emand will have a value of 790 million TL.

There should be no power shortage in 1964 if systems are efficiently perated. The third unit which is being added to the Seyhan hydro-electric plant n the Çukurova region will not suffice to counterbalance the present shortage, nd work on setting up that the Mersin Thermal plan in this region should be ccelerated.

The setting-up of projected power stations in the North-West Anatolian ystem should also be accelerated.

c. Value Added

Value added is estimated to amount to 500 million TL. in 1964.

d. Investments

Investments in this sector in 1964 are shown in Table 123.

Investments in the Electric Power Sector

TABLE : 123 *(Thousand TL.)*

	In foreign currency	Total
General and Annexed Budgets	91.000	262.000
Revolving Capital	—	5.000
State Economic Enterprises	238.583	486.557
Local Administrations	37.000	70.900
Private Sector	23.000	47.000
Total	**389.583**	**871.457**

Based on the prevailing disposition of agencies in this sector, investment programmed for 1963 was less by 153.5 million TL. than the amount envisaged in the plan. Priority should be given to measures designed to realize plan targets and 1963 investments.

An appropriation of 10 million TL. will be made in the 1964 budget as a first step towaras village electrification. This appropriation will serve to establish a revolving fund in an organization to be designated jointly by the Ministries of Finance and Industry, the Electric Power Survey Administration, the Etibank , the Iller (Provinces) Bank and the State Planning Organization. The ways in which this fund is to be used will also be determined and methods of ensuring that villages contribute up to at least 15 per cent of the cost of investments will be explored.

e. Measures

(1) There is a shortage of skilled personnel particularly at technician level, in the utilities. This type of personnel should be trained through programs for on-the-job training and evening cources to be organized by the investing agencies.

(2) Loss of time in large-scale projects can be avoided conducting by customs clearance on the work site and by setting up a system of fictitions storage. It is recommended that necessary steps should be taken.

(3) Confusion in the conduct of operations is seen mostly at the study, planning and project stage. The DSI (Hydraulic Works) General Directorate and the Electric Power Survey Administration (E. I. E. I.) proceed quite independently with surveys for hydro-electric projects often in the same region and even in the same watershed.

Until the T. E. K. (Turkish Electric Power Board) is set up to eliminate this duplication of work and waste of funds, these two agencies will establish closer cooperatin. The DSI will work on fields other energy, while the E. I. E. I will study the electrical generation possibilities of the regions surveyed and will asses market prospects. The final report on the improvement scheme will be prepared jointly by the two departments.

(4) The number of projects proposing economic solutions and alternatives in this sector is limited. Studies for projects in this sector require as much as three to four years. It is important to have reliable studies on which projects permitting economic investments can be based.

Since investment in this sector generally requires foreign currency, the preparation of projects complying with international standards must be speeded up.

(5) The possibility of simplifying the taxes levied on electricity consumption and of levying taxes in proportion to electricity bills will be studied; consideration will also be given to adjusting tax rates so as to make electricity competitive with other sources of energy.

(6) It will be necessary to revise tariffs and in particular to adjust the sale tariffs of large wholesale establishments to prevailing conditions and to the objectives of the plan. In this way electricity utilities may make self-financed investments and be less of a burden to the State.

(7) All the medium tension (33 Kw., 15 Kw., 6 Kw.) energy transmission lines connected to the North-West and West Anatolia systems will be transferred at a value to be defined in the project to the Etibank Electricity Utilities operating these systems.

(8) The effects of rural electrification on the social and economic structure of villages and expected benefits will be studied in detail by the State Planning Organization.

TRANSPORT AND COMMUNICATION

This sector has been studied under three headings :

Transport, Communication and Broadcasting. The investments included in the 1964 program for these three sub-sectors are shown in Table 124.

TRANSPORT

1. PRESENT SITUATION

a. Capacity

(1) Traffic Capacity

Present capacity in the transpor sector is shown in Table 125.

Total Investments in Transport and Communication Sector

TABLE : 124

(Million TL.)

	General and Annexed Budgets		State Economic Enterprises		Local Administrations		Total of State Sector		Private Sector		Total Expenditures	
	In foreign currency	Total	In foreign currency	Total	In foreign currency	Total	In foreign currency	Total	In foreign currency	Total	In foreign currency	Total
Roads												
— Highways	—	540.0	—	—	—	40.0	—	580.0	—	—	—	580.0
— Railroads	4.2	46.0	36.3	128.0	—	—	40.5	174.0	—	—	40.5	174.0
Transport Equipment												
— Highways	—	—	—	—	—	46.0	—	46.0	—	106.0	—	152.0
— Railroads	—	—	47.6	113.5	—	—	47.6	113.5	—	—	47.6	113.5
— Maritime Lines	—		29.2	61.1	—	—	29.2	61.1	—	14.0	29.2	75.1
— Airways	—	—	5.5	6.0	—	—	5.5	6.0	—	—	5.5	6.0
Habours and Ports	—	106.0	9.2	20.9	—	—	9.2	126.9	—	20.0	9.2	146.9
Airports	5.9	37.4		—	—	—	5.9	37.4	—	—	5.9	37.4
Communications	—		86.0	196.2	—	—	86.0	196.2	—	—	86.0	196.2
Radio	8.1	18.0	—	—	—	—	8.1	18.0	—	—	8.1	18.0
Total	**18.2**	**747.4**	**213.8**	**525.7**	**—**	**86.0**	**232.0**	**1.359.1**	**—**	**140.0**	**232.0**	**1.499.1**

TABLE : 125 **Transportation Capacity** *(Million Units)*

	Capacity	
	Passenger/Km.	Ton/Km.
Highways	17.220	9.600
Railways	6.930	6.930
Seaways	1.924	49.541
Airways	576	—

The figures for highways comprise those for state highways only, since sufficient information is not available for provincial and village roads. With four ships taken out service, maritime passenger transport capacity has decreased. Cargo transport capacity on foreign routes is 40.410 million ton Km.

With twelve DC-3 and two F-27 aircrafts taken out of service, airline passenger transport capacity has decreased by 176 million passenger Km. The transport capacity of private aviation is negligible.

(2) Facilities

(a) Highways

The General Directorate of Highways is responsible for the construction, maintenance and repair of the main network of the State highways. The present situation is shown in Table 126.

TABLE : 126 **Road Network** *(Km.)*

1. State Highways :	
a Hard surfaced roads	
(1) Parquet	117
(2) Concrete	614
(3) Asphalt	7.335
b Loose surfaced roads	
(1) Stabilized gravel	15.920
(2) Macadam, good	5
(3) Macadam, bad	73
c Earth roads	
(1) Graded hard earth roads with drainage	478
(2) Graded hard earth roads	547
d Unimproved roads	1.441
2 Provincial and Village Roads (as from end 1961)	
a Provincial roads	
(1) Covered	18.222
(a) Stabilized	14.878
(b) Poorly stabilized	3.344
(2) Graded	6.635
(3) Unimproved	9.266
b Village roads	44.887
(1) Covered	9.083
(2) Graded	17.205
(3) Unimproved	18.599

There is no reliable information on provincial and village roads, which are generally built and maintained by provincial councils.

(b) Railroads

There are 7.911 Km. of railroads of which 37 Km. are narrow gauge.

(c) Airports

Airports suffice to meet the needs of both domestic and international traffic.

TABLE : 127

Airports

Airplane Types	Suitable Airports	Airports in Operation	Capacity of airports by operating days
DC-3	24	19	225.966
F-27	16	5	215.982
Viscount	10	5	146.942
DC-7	3	2	74.460
Caravelle	3	2	74.460
Boeing 707	3	2	74.460

Yalova and Kayseri airports are not included.

The above capacities are theoretical. Although there is no need to construct new airfields, there are certain factors militating against the full utilization of theoretical capacity which must be taken into account in order to assure the operation at full capacity of the existing fields.

(d) Ports and Harbors

There is no change in annual capacity since no new ports were opened for use in 1962. Present capacity can meet demand for another four or five years.

TABLE : 128

Loading - Unloading Capacity of Ports

(Thousand Tons)

İstanbul	2.190
Haydarpaşa	2.310
İzmir	1.095
Samsun	996
Mersin	1.104
Derince	952
İskenderun	2.205
Trabzon	548
Total	**11.400**

Note : (1) Pol capacity is not included in the above.

(2) Capacities are based on 8-hour shifts.

(3) Transport Equipment

The number of transport equipment is increasing at a faster rate each year.

Transport Equipment Park

TABLE : 129

(Units)

1. **Road vehicles** : (as of end 1961)	
a. Passenger cars	52.381
b. Trucks - Pick - ups	64.706
c. Buses	13.956
2. **Rolling stock** :	
a. Locomotives	
(1) Steam locomotives	875
(2) Diesel locomotives	67
(3) Electric locomotives	3
b. Complete trains	
(1) Diesel trains	32
(2) Electric trains	24
c. Coaches	
(1) Passenger coaches	1.23[illegible]
(2) Wagons	15.941
(3) Service wagons	2.196
3. Ships :	

	Dry Cargo Ships		Tankers		Passenger-Cargo Ships	
	Private	**State**	**Private**	**State**	**Private**	**State**
00 - 1000	29	3	5	—	—	6
(Dw - Ton)	(19.709)	(2.758)	(3.985)	—	—	(2.858)
1000-2590	10	—	3	1	—	6
	(17.036)	—	(2.985)	(1.300)	—	(11.298)
2500 - 5000	9	8	—	1	—	12
	(36.170)	(30.054)	—	(3.933)	—	(44.695)
5000-10000	19	19	—	—	—	—
	(125.637)	(125.772)	—	—	—	—
10000 & over	16	4	6	1	—	—
	(166.105)	(44.871)	(138.789)	(21.364)	—	—
Total (number)	**83**	**34**	**14**	**3**	**—**	**24**
Total (Tons)	**(364.657)**	**(203.485)**	**(145.660)**	**(26:597)**	**—**	**(58.851)**

4. **Airplanes** :	**Number**
DC - 3	6
F - 27	6
Viscount	4

b. Traffic

1961 and 1962 transport figures are shown in Table 130.

Transport Situation

TABLE : 130

(Million Passenger - Km
(Million Ton - Km

	Passenger		Cargo	
	1961	1962	1961	1962
Highways	12.846	15.000	4.014	4.600 (1)
Railways	3.810	3.710	3.710	3.490
Sealines				
Coasting-line	461	462	1.305	1.531
Foreign Waters	—	—	12.290	12.145
Airways	152	148	15	14
Total	**17.269**	**19.320**	**21.334**	**21.780**

(1) First estimate of sample control.

Highway traffic in 1962 has shown an unexpected increase over 1961 Although the 1962 traffic figures are not definite, actual figures are expecte to exceed estimates. There was a slight increase on railroads in 1962 over 1961 Both these trends confirm those of previous years. The share of railroad traffi in total transport is going down while that of highways is increasing rapidly This is partly due to the fact that no measures were taken to reverse this tren in 1962.

There has been no major change in maritime traffic. Cargo transport o coastal lines has increased while that on external routes showed a sligh decrease. Figures for transport on external routes refer to those of ships flyin the Turkish flag and accurate figures for tramp transport cannot be obtained Since it is not possible to determine the passenger and cargo traffic of smal vessels on coasting-lines figures for these are not entered in table 126.

In 1962 passenger transport increased by 11.9 and cargo transport by 2.1 per cent over 1961.

Total airport traffic according to types of aircraft is shown in Table 131.

Airport Traffic

TABLE : 131

Aircraft	Actual Traffic
DC - 3	22.347
F - 27	8.234
Viscount	2.244
DC - 7	1.316
Caravelle	2.706
Boeing 707	4.068

Loading and unloading operations in ports in 1962 are shown in Table 132.

Loading and Unloading at Ports

TABLE : 132 *(Thousand TL.)*

Trabzon	162.3
Derince	188.3
İstanbul	2.250.6
Haydarpaşa	953.4
İzmir	854.8
İskenderun	1.035.6
Mersin	415.0
Samsun	436.5

There are additional POL loading and unloading facilities at Mersin harbor, but the Mersin refinery possesses separate facilities which offer certain advantages.

c. The 1963 Program included certain measures for the implementation of transport policy as determined in the Development Plan. In order to defray the charges borne by various transport systems and to make road users contribute to road construction and maintenance costs, POL prices were raised.

2. 1964 DEMAND ESTIMATES

a. Transport

It is anticipated that passenger transport will go up 23 million passenger Km in 1964 and cargo transport to 38 million ton/Km. Estimates of the breakdown of transport traffic amoung the different transport systems are shown in Table 133.

1964 Transport Traffic Estimates

TABLE : 133 *(Million Passenger - Km).* *(Million Ton - Km)*

	Passenger	Index (1962 = 100)	Cargo	Index
Highways	18 100	120	5.600	121
Railroads	4.270	115	4.250	121
Sealines				
Coasting line	490	106	1.688	110
Foreign Waters	—	—	24.403	—
Airways	183	123	18	128
Total	**23.043**	**119**	**35.959**	**119 (1)**

(1) Maritime transport on external routes excluded.

It is estimated that 50 per cent of the gargo on Turkey external foreign trade routes will be carried by Turkish ships, and that total cargo (except on external routes) and passenger traffic will each increase by 9.5 per cent.

b. Harbors and Ports

Loading and unloading operations in ports in 1964 are shown below :

	Thousand Tons
İstanbul	2.342.1
Haydarpaşa	1.047.2
İzmir	889.5
Samsun	464.5
Mersin	500.0
Derince	270.0
İskenderun	1.100.0
Trabzon	168.9
	6.782.2

Returns	Passenger - Km	Ton - Km
Highways	1.373.790.000 TL.	1.461.000.000 TL.
Railroads	184.943.000 TL.	560.266.000 TL.
Maritime lines		
Coastal lines	27.000.000 TL.	135.000.000 TL.
Foreign Waters	27.500.000 TL.	634.400.000 TL.
Airways	73.000.000 TL.	—

The 1964 return estimates are based on the following average transport fares per passenger/Km. and ton/Km.

	Passenger-Km	Ton-Km
Highways		
— First two months	7.19 Kuruş	24.7 Kuruş
— 3rd and subsequent months	7.59 "	26.1 "
Railroads	4.33 "	13.18 "
Maritime lines		
— Coastal lines	7.8 "	8 "
— Foreign Waters	1.9 "	2.6 "
Airways	40 "	

3. VALUE ADDED

Value added in the transportation sector in 1964 is expected to be as follows :

Highways	1.433.600.000 TL.
Railroads	406.400.000 TL.
Maritime Lines	416.000.000 TL.
Airways	43.360.000 TL.

Value added by loading and unloading operations is expected to amount to 48.7 million TL. in 1964.

Value added in 1964 is thus expected to show the following percentage increases over 1963; for highways, 35.1; for railways, 7.6; for sealines 16.4. Airways will show a 4 per cent decrease.

4. INVESTMENTS

1964 investments in the transport sector are shown in Table 134.

Investments in Transportation

TABLE : 134 *(Million TL.)*

	In Foreign Currency	Total
1. Investments in Facilities	—	—
a. General and Annexed Budgets		
(1) Highways	—	540.0
(2) Railroads	4.2	46.0
b. Local Administrations		
(1) Highways	—	40.0
c. State Economic Enterprises		
(1) Railroads	36.3	128.0
(2) Sealines	—	10.8
Total	**40.5**	**764.8**
2. Investments in Equpiment		
a. State Economic Enterprises		
(1) Railroads	47.6	113.5
(2) Airways	5.5	6.0
(3) Sealines	29.2	50.3
b. Location Administrations	—	46.0
c. Private Sector		
(1) Highways	—	106.0
(2) Sealines	—	14.0
Total	**82.3**	**335.8**
3. Investments in Harbours		
a. General and Annexed Budget	—	106.0
State Economic Enterprises	9.2	20.9
Private Sector	—	20.0
Total	**9.2**	**146.9**
4. Investments in Airfields	5.9	37.4
Grand Total	**137.9**	**1.284.9**

5. MEASURES

a. Provisions in the 1964 program bearing on the State Highways Administration's interest in province, village and forest roads will receive greater priority in their application. At the end of 1964 a decision will be made on whether present system of road construction will be retained or whether they will be turned over to the State Highways Administration.

b. A tax levy on transport vehicles, similar to that charged in other tansport systems, will be considered.

c. Turkish Airways internal lines are operated to a large extent at a loss. To remedy this, prices will be related more closely to costs and the flight time-tables will be over hauled with object of raising receipts.

d. Costly time-lags in coastal-line journys are mainly responsible for the losses incurred by the Maritime Bank. To eliminate these, the coastal voyages arranged by Maritime Bank will be reorganized on sounder operational principles.

e. In areas with high touristic traffic, parking and camping sites near the highways will be prepared. These plots will be decided jointly with the Ministry of Tourism and Propaganda and prepared work will be carried out by the State Highways Administration. These sites will be leased to individual owners enterprises.

f. The possibility of licencing gasoline stations on the highways in such a way as to ensure balanced and regular dispersion as well as improvement of standards and services will be investigated, and the necessary regulations will be drated without delay.

COMMUNICATION

Three groups of communication services are operated by the General Directorate of Postal Communications. (PTT)

Postal Services The increase in postal traffic can be handled with the present capacity and without any substantial investments (except in certain individual cases). Special services, excluded, Postal Services are generally located in the same building as telegraph and telephone offices, and building investments therefore apuly to all three services.

Telegraph Services Where lines are installed, capacity is sufficient to meet demand for a long time. The capacity of connections is being increased by installing modern equipment. Part of the telegraphic load is being diverted to the improved telephone system.

Telephone Services Investments in these services take priority, since increasing demand is leading to congestion.

1. PRESENT SITUATION

a. Postal Services : There are 835 central post offices and 359 branches. A further 375 PTT branches are located in railway stations. Villages are served by agencies and mounted employees.

Number of Postal Articles Handled in 1961 and 1962

TABLE : 135 *(In Thousands)*

	1961	1962
Domestic Mail	226.191	246.942
Overseas Mail	15.348	18.248
Legal notices	53.528	60.206
Parcel Post	3.448	3.312
Money Orders	6.923	6.686
Parcels paid on delivery	456	460

b. Telegraph Services : The telegraph service extends to 1.128 regional centres. Table 136 shows the length of telegraph lines.

TABLE : 136 **Length of Telegraph Lines, 1961 and 1962**

	General road length (Km.)	Single iron conductor (Km.)	Multipurpose channels (Km.)	Total (Km.)	Carrier channels (Km.)	Total length of telegraph lines (Km.)	Number of carrier channels (Unit)
1961	30.680	32.179	28.194	60.373	113.530	173.903	332
1962	30.680	17.050	24.611	41.651	112.793	154.444	324

Table 137 gives the traffic handled by telegraph offices.

Number of Telegrams Handled, 1961 and 1962

TABLE : 137 *(Thousand Units)*

	Total	Domestic	Overseas		
			In-coming	Out-going	Total
1961	9.972	9.129	425	418	843
1962	10.436	9.544	448	444	892

c. Telephone Services : There are trunk exchanges in 837 places and city networks in 595 places

Telephone Capacity, 1961 and 1962

TABLE : 138

	Switchboard Capacity		Magnetic	Total	Network Capacity
	Automatic	Semi-automatic			
1961	154.900	6.000	44.139	205.699	298.000
1962	160.100	7.000	49.239	216.339	310.000

Capacity of City Switchboards, 1962

TABLE : 139

	Number of Places	Installed Capacity	Subscribers
Automatic	52	160.100	156.450
C B	17	7.000	5.125
L B	526	49.453	32.747
Total	**595**	**216.553**	**194.322**

Table 140 shows the volume of telephone calls in 1961 and 1962.

Telephone Calls, 1961 and 1962

TABLE : 140

Years	City calls (Thousands)	Trunk calls (Thousands)	International		Total Minutes	Subscribers Number
			in-coming (Minutes)	out-going (Minutes)		
1961	276.000	15.241	414.557	656.978	1.071.535	188.674
1962	277.427	16.968	472.670	727.303	1.199.973	194.324

d. The main problems in this sector are :

(1) The administrative burden caused by calls at reduced rates or free of charge.

(2) Unnecessary investments required by separate communication systems operated by different organizations.

2. 1964 DEMAND ESTIMATES AND PRODUCTION TARGETS

a. It is estimated that telegram figures in 1964 will be approximately 10 million. This demand can easily be met by present telegraph services.

b. It is estimated that the demand for telephone subscriptions will be about 422 000 in 1964, of which 250.000 subscriptions will be accepted. The remainder will depend for acceptance on increased capacity. The present total demand is unlikely to be met till 1972.

TABLE : 141 **Development of City Networks**

	Numbers	Index (1962 = 100)
Subscribers	250.000	128,7
Switchboard Capacity	297.200	137,2
Network Capacity	490.0000	158,1

c. Improvements in the trunk network are anticipated.

3. VALUE ADDED

Value added in postal, telegraphic, and telephonic services will be 451 million TL. in 1964, showing an increase of 22 per cent over 1962.

4. INVESTMENTS

Total investments by the General Directorate of PTT to improve communication services in 1964 will amount to 196.2 million TL. Foreign currency requirements for these investments will be 92.948 million TL.

5. MEASURES

a. A single type of automatic swithchboard for future installations should be agreed on by the end March 1964.

b. To reduce the number of telephone calls enjoying preferential rates or exemption from charge and to introduce a uniform practice a survey will be conducted paving the way for legal measures.

c. In places where PTT facilities exist, other organizations will not be permitted to set up any kind of communication services. Permits already granted for previous installations (Wirelesses included) will be reviewed and, in areas where PTT services are adequate, either (1) a fee will be charged for communications not advantageous to the PTT, or (2) licenses and permits will be withdrawn. The necessary legislative measures will be drafted.

d. In order to achieve more efficient utilization of the telecommunication systems in the Ministry of Defense, the help of experienced personnel from that Ministry should be enlisted for this purpose.

e. To improve the training of the Armed Forces, to provide some useful spare-time occupation and to speed the growth of the PTT network, the assistance of military communication units in the installation of overhead telegraph and telephone cables wills be requested.

RADIO

1. PRESENT SITUATION

The long-wave Ankara transmitter and the medium-wave İstanbul transmitter are the only stations which have a national audience. In certain parts of North-West, North-East and Eastern Anatolia, listeners enjoy radio reception at certain hours of the day, but in other regions this is practically impossible. Moreover, as generally popular programs have not been developed during the hours when reception is possible, broadcasting services suffer from certain limitations.

A statistical survey of transmitting stations is shown in Table 142.

Situation of Radio Stations

TABLE : 142

Location	Bower KW	Type
Ankara	2.120	Long Wave National Broadcasting Station
İstanbul	150	Medium Wave Regional Station
İstanbul	2	Medium Wave Provincial Station
Ankara	2	" " " "
İzmir	2	" " " "
Adana	2	" " " "
Antalya	2	" " " "
Gaziantep	2	" " " "
Kars	2	" " " "
Van	2	" " " "
Erzurum	2	Short Wave Provincial Station
Diyarbakır	0.5	Short Wave Overseas Broadcasting Radio
İskenderun	0.5	" " " " "
Ankara	100	" " " " "
Ankara	20	" " " " "

2. INVESTMENTS

It is planned to set up powerful radio transmitters in Erzurum, İzmir, Mersin and Diyarbakır as well as a fifth in Ankara to increase the number of overseas and internal broadcasts.

With these stations continuous reception from at least one station will be possible.

To restrain expenditure, the procedure to be adopted is as follows transmitting stations will first be established and programs will be broadcast from the already established reserve studies. When transmissions are capable of covering the whole country, study facilities will be comleted.

In 1963 work on the establishment of powerful stations in İzmir, Erzurum, Mersin and Diyarbakır was commenced and the Ankara transmitter was rengthened. In the Van region, which is not covered by the principal trans- itters, a 2 Kw. radio station was built.

Investments in 1964 will amount to 18 million TL.

TOURISM

PRESENT SITUATION

The number of visitors to Turkey increased from 129.000 in 1961 to 72.867 in 1962. This is the highest number yet recorded in Turkey and presents an increase of 33.9 per cent, which shows that foreign tourists are eveloping a greater appreciation of Turkey as a tourist country. Internal urism is also developing and is playing an important part in stimulating urist activities.

At the end of 1962 there were 216 hotels, containing a total number of .776 beds suitable for accommodating foreign tourists. Most of these were cated in the urban centers of Ankara, İstanbul and İzmir, but their capacity sufficient. Accommodation difficulties prevail in regions particularly attractive tourists, and it is becoming increasingly difficult to meet the demand as umbers grow. In 1962, 45 new hotels containing 2.147 beds were added to e existing capacity. Investment in accommodation facilities should in future e diverted more and more from luxury accommodation to the less expensive riety preferred by tourists with average incomes. Motels, camping sites, oliday villages and the number of hotel beds should be increased as rapidly as ssible.

Tourism revenues in 1962 rose by 74.5 per cent over these of 1961 and ached a level of 12.110.410 dollars while the average per capita amount of reign exchange spent by tourists increased from 53.28 to 70 dollars. Measures signed to increase tourist revenue, such as decree no. 17 relating to the otection of Turkish Currency which facilitated the purchase of money by uritsts and the raising to 5.000 TL. of the ceiling value for souvenir goods ken out of the country by tourists contributed substantially to this develop- ent of the tourist trade.

In 1963, the Ministry of Press, Broadcasting and Tourism was replaced by new organization, the Ministry of Tourism and Information, which was dowed with the necessary means and authority to regulate all touristic tivities.

The conclusion of an agreement with a foreign firm for overseas blicizing of tourism in Turkey had been envisaged in the plan, but though is matter was pursued in 1963, no results have yet been obtained. Although e opening of official rest camps to foreign tourists had been forecast in the 63 annual program, foreign tourist agencies did not learn of this till late in e season, so that tourists were able to benefit only from the facilities offered İstanbul.

The main problems in the tourism sector today are outlined below :

a. There is as yet no institution extending sufficient credits to the tourism industry and encouraging private initiative in a field where investment is not yet adequate and means are limited.

b. The fact that road communications in the Aegean and Antalya regions, which had been given priority in the 1963 annual program, have not yet been completed makes it difficult to exploit the touristic potential of these regions. The so-called "Pilgrim" coastal road has not yet reached a satisfactory stage of construction.

c. Public appreciation of the importance of tourism has so far been insufficiently inculated, and lack of education in a field which closely affects the nation as a whole is a serious shortcoming.

d. Plans for recognising and assessing the touristic potential of promising regions for ensuring the best use and development of touristic resources have not so far been made. This is of particular importance in assuring the most appropriate distribution of accommodation facilities.

e. Legislation tending to restrict tourism hampers measures aimed at development, provision of services and amenities for tourists, exploitation of touristic potential as well as discouraging foreign investment.

f. Lack of information bureaus in regions where tourist traffic is heavy is a further drawback. Foreign tourists already ill informed about Turkey because of inadequate publicity services find few information offices to which they can apply after crossing the frontier.

2. ACTIVITIES IN 1964

It is not possible to forecast tourism trends by the methods in use in demand projections as generally conceived. Between 1950 and 1960 the average number of tourists visiting Turkey increased yearly by approximately 12 per cent. This rate fell in 1960 rising slightly in 1961. The high rate of increase observed in 1962 is evidence of a return to normal after lean two years.

The number of tourists visiting Turkey in 1964 is expected to rise by 25 per cent above that of the preceding year reaching a total of 270.000. This increase will result from a publicity campaign to be conducted during the year from the launching of investments and from the launching of investments and from measures for facilitating tourist residence in Turkey.

Average per capita tourist revenue in 1963 is expected to be 75 dollars and total revenue from tourism 15 million dollars. In 1964 corresponding amounts are expected to rise to 80 dollars and 21.6 million dollars respectively. Evidence that organized trips are increasing, that places of entertainment are becoming more numerous, and that quality improvements are promoting sales of souvenir articles supports the belief that average spending per tourist will increase.

3. INVESTMENTS

Tourism investments are estimated at 170 million TL. for the year 1964

1964 Tourism Investments

TABLE : 143 *(Thousand TL.)*

Investment - making departments	In foreign Exchange	Total
General and annexed budget	—	36.000
Local Administrations	—	17.000
State Economic Enterprises	26.700	85.000
Private Sector	5.000	70.000
Total	**31.700**	**208.000**

4. MEASURES

Tourism is expected to be one of the sectors in which development efforts will most rapidly yield fruitful results.

The development of foreign tourism shows that the next few years will be of particular importance for Turkey. The necessary environment will have been prepared for receiving every year greater numbers of tourists ready to visit new countries where their requirements are met. 1964 is therefore considered a year in which a stride forward in the development of tourism will be taken, and it is in this context that the following measures will have to be proposed :

a. Measures connected with publicity

(1) There will be an intensive publicity campaign designed to publicize Turkey's touristic attractions in foreign countries. The necessary request for budgetary appropriations is to be submitted to the Ministry of Tourism and Information.

(2) The fact that holidays in Europe, particularly in the Northern European countries are being spread over a longer period of time is of importance. The difficulties experienced by the tourist trade when large numbers of people take their holidays at the same time can be overcome by extending holidays in these countries over a longer period of time and even shifting them towards the winter season. This is why the publicity to be undertaken should stress Turkey's sunny climate and other natural advantages in the winter months.

b. Measures for providing for facilities to tourists.

(1) Information bureaus will be opened at points of entry to Turkey and in areas where tourist density is high. These bureaus will provide tourists with the necessary assistance and information through leaf-lets and in similar forms.

(2) Since cheap accomodation heads the facilities sought after by tourists an endeavor will be made to ensure swift development by means of investments.

(a) Arrangements will be made to open certain official rest camps to tourists all through the summer. The Ministry of Tourism and Information will enlist the cooperation of tourism agencies to make certain that these camps are fully used.

(b) Houses built by the State in such places as Marmaris and Umurbey which are at present unoccupied will be reserved for the use of tourists. These places will be leased to tourist agencies as holiday camps.

(c) The Ministry of Tourism and Information will arrange for camping sites to be opened in collaboration with local administrations in regions where tourist traffic is high.

c. Measures for encouraging investments in tourism facilities.

(1) Plans will be made for touristically attractive regions to be developed within the framework of these plans.

(2) Entrance charges will be required in places such as historical monuments and existing charges will be revised according to current conditions and realistic practices. These fees will be so adjusted as to cover the cost of yearly repairs, depreciation, maintenance and guides.

(3) A fund to support private investments, set aside from counterpart funds, only began to be used by the middle of 1963. According to the results of this scheme, private investments will be similarly supported in 1964.

(4) The manufacture and sale of souvenir articles will be promoted and credits for manufacture and publicity will be granted.

d. Legislative changes encouraging tourism and providing facilities for tourists.

(1) Studies are proceeding for the amendment of Law No. 6086 for the Encouragement of Tourism so as to bring it into conformity with changing conditions.

(2) Cuctoms regulations impeding the growth of tourism will be removed.

(3) Existing provisions will be changed so as to bring touristic districts within the nearest municipal boundaries.

(4) Studies on the esetablishment of a tourist branch of the Police Force will be pursued.

e. In the Aegean region, which has a high touristic potential, steps will be taken to open within the İzmir Academy of Economic and Commercial Sciences a Tourism Institute which will undertake research into tourism and will provide further education in this subject for personnel working in private or State enterprises or in public service agencies.

H O U S I N G

INTRODUCTION

As stated in the Five Year Plan the major goal in housing will be to divert capital investment to more productive fields and take the necessary measures o produce more housing units with the capital allocated in the plan. The ceiling for capital investment, private and public, in housing has been accepted as 20 per cent of gross national investment. The extra investment is therefore ntended to be diverted to fields other than housing by tax and similar measures. As a result of a comprehensive research program, measures are being taken to reduce the size and the building costs of housing units in order to create more units with the capital allocated. A comprehensive research program of this kind is a lenghty and costly process.

Its long-term importance requires special emphasis to be placed during 1964 on speeding the flow of results on which further measures will be based.

It is estimated that until the impact of measures taken in birth control and the increase in per capita income is felt, the existing trend towards a housing shortage will continue during the period of the plan. The acceptance of social housing and the scope of these measures will therefore have a significant bearing on the possible reversal of this trend.

It is also felt necessary to retain possession of lands owned by the Treasury and abondon the practice of selling them for financial and other projects. Such lands will instead be leased on a long-term basis.

2. 1963 IMPEMENTATION

The major difficulty encountered during the year was inneficient coordination of agencies at the intermediate level. Certain delays and duplications thus occurred in the early stages of execution. The major reason for this lack of coordination seems to be a certain inadequacy of personnel today in public and semi-public housing agencies. This inadequacy stems from the fact that housing as a speciality is not yet a widely accepted field and therefore in Turkey today relatively few specialists are trained in the various aspects of this subject.

Compared to 1962 figures, the number of housing units, houses and apartments, and total capital investment, private and public, for the first four months are as follows :

TABLE : 146 *(Thousand TL.)*

Year	Housing Units	Total Housing Investments
1962	13.650	351.690
1963	12.973	369.371

It appears that despite an increase of 5 per cent in capital investment in 1963, the number of units actually built is 4 per cent less than in January, February, March and April of 1962.

3. 1964 STUDIES

a. Projection of Housing Demand for 1964.

TABLE : 149 **1964 Demand in Cities** *(Unit)*

Year	Population increase	Renewal	Overcrowding	Gecekondu elimination	Disaster and expropriation	Total
1964	100.733	16.250	8.800	12.000	4.700	142 483

Demand in Villages

Year	Population increase	Renewal	Overcrowding	Disaster	Total
1964	74.800	10.300	5.400	2.000	92 500

A realistic assumption for planning purposes considers only the demands created by population increase, disasters and, in the case of cities, by elimination of slum dwellings.

The figures to be considered for the 1964 program will then be:

TABLE : 150 **Realistic Demand in Cities** *(Unit)*

Year	Population increase	Gecekondu elimination	Disaster and expropriation	Total
1964	100.733	12 000	4 700	117 433

Realistic Demand in Villages

(Unit)

Year	Population increase	Disasters and elimination	Total
1964	74.800	2 000	76 800

Population increase is anticipated to create a demand of 75.000 housing units in villages in 1964.

b. Projection of Capital Investment in Housing for 1964.

Capital investment in housing will be kept within the 20 per cent limit of the volume of general capital investment as prescribed in the Five Year Plan. Capital investment in housing, private and public, for 1964 has therefore been estimated at 2.232 billion TL.

The distribution of this capital among various type of housing is as follows :

TABLE : 151 **Investment in Housing** *(Million TL.)*

Year	Village housing	Social housing	Normal housing in cities	Total
1964	226.000	29.150	52.500	81.650

Housing unite to be created with the capital allocations mentioned above are :

Housing Units to be Created

Year	Villages	Social housing in cities	Normal housing in cities	Total housing in cities	Total (cities + village)
1964	76.800	29.150	56.600	85.750	162.550

The housing demand in villages will be satisfied, but in cities there will be a shortage of 117.433 - 85.750, or 31.700 housing unite.

Distribution of capital investment between sectors *(Million TL.)*

Year	Private Sector	Public Sector	Local Government	State Economic Enterprises	Total
1964	2.000	166	60	6	2.232

Average rents are 141 TL. a month for housing units in cities and 60 TL. a year in villages.

Revenue in 1964 is therefore expected to be as follows :

TABLE : 152 *(Thousand TL.)*

Year	Revenues from city housing	Revenues from village housing	Total
1964	2.200.000	114.000	2.314.000

c. Measures to be taken during 1964.

1) Research

a. Nation-wide inventories will be drawn up to determine the resources available for comprehensive housing research.

b. Coordination of all housing research projects will be the responsibility of the appropriate section of the Ministry of Construction and Resettlement. To advance these projects, efforts will be made to encourage the formation and use of private research organizations as well as individuals.

c. In order to avoid duplication, the Ministry of Construction and Resettlement will determine research methodology and allocate assignments.

d. The work carried out by the Turkish Institute of Standards in determining the standards of building materials will be speeded up, and in public construction approved materials will be preferred to non-standardized materials.

e. Preliminary studies will be conducted on the establishment of regional building-material control and research laboratories.

2) Funds :

a. In order to finance research expenditures a special fund will be established.

b. A village rehabilitation law will be prepared in conjonction with the principles established for Community Development Program and Regional Planning.

c. The expenditure of the Land Reserve Agency will be met from a special fund as prescribed in the 1963 programme. During 1964 major allocations to this fund will be made from public sources.

3) Legal and Administrative Aspects :

a. The Emlâk Kredi Bankası will be entirely transformed into a publicy owned organization. Preliminary steps will be taken to determine the necessary changes in its status.

b. Avillage rehabilitation law will b e prepared in conjunction with the principles established for Community Development Program and Regional Planning.

4) Measures relating to Land :

a. Lands allocated for housing development will be evaluated in comparison with other uses in comprehensive Land Utilization Planning policies.

b. Lands within residential districts on which poor quality housing exists will be revalorized by encouraging the formation of development cooperatives and similar organizations encouraging more rational utilization.

5) Shanties

a. Assistance to shanty owner within rehabilitation areas will be offered in the form of long-term debts and material and financial assistance.

b. The above assistance will be furnished from the Shanty-owners' Rehabilitation Fund to occupants who have no legal possession through the intermediary of Municipalities.

SERVICES

EDUCATION

1. INTRODUCTION

Training the qualified personnel required for the realization of the development plan can be one of the most effective means of achieving the plan targets.

2. 1963 IMPLEMENTATION

Successful steps were taken to establish inter-ministerial and inter-provincial cooperation coordination. Voluntary participation enabled plan targets to be fulfilled above the levels set in the annual program in some areas, especially in primary school construction.

3. 1964 STUDIES AND MEASURES

a. Education and Training Policy :

(1) Functional education will be given priority as one of the main sources from which manpower requirements can be met.

(2) Support for private sector investments in accordance with plan targets will be a fundamental principle.

b. Scholarships

(1) In awarding scholarships to secondary schools and lycées the extent to which applicants need financial support will be a primary consideration.

A certain percentage of scholarships will be reserved for primary school graduates such as those who go on to teacher training schools, in order to achieve a balanced distribution among various levels of education.

(2) According to the plan an increased number of scholarships will be awarded to able but needy students so as to allow them to go on to studies in higher education.

(3) The General Directorate of Student Residences and Credit for Higher Education will accept academic standing at graduation from high school and success at university level as a basis for granting credit.

c. Teacher - Student Ratios

(1) To counteract the adverse student - teacher ratio in primary schools, cources will be opened for graduates of lycées, girls institutes, and commercial schools to train them as temporary substitute teachers.

(2) To meet the need for teaching and research staff in institutions of higher education, 600 university graduates willing to serve in higher educational and or research institutions will be sent abroad in 1964 to obtain academic degrees in fields to be determined jointly by the Ministry of Public Education and the State Planning Organization according to the pattern of Turkey's manpower needs.

(3) Research has shown that in the academic year 1963-64, the need for secondary school and lycée teachers will be 18.000 whereas the supply will

only be 6.900. If no action is taken, this difference of 11.500 will rise to 11.700 in 1967, and to 17.500 in 1972. In lycées during the same scholastic year the demand for teachers amounts to 7.800, whereas the present number of teachers is only 2.200. This difference of 5.600 may rise to 10.000 in 1967 if no measures are taken.

In vocational and technical schools, the difference between demand and supply is about 600, which may go up to 4.100 in 1967 and 8.700 in 1972 if appropriate measures are not taken.

To remedy this situation, the necessary financial and legal measures will be taken.

d. Construction Costs

(1) Advances in school - building technique will be investigated with allowances for regional characteristics and levels of education so as to lower the costs of various types of standardized school building.

(2) Economy measures will be taken, such as encouraging voluntary participation in the construction of primary schools. All necessary legal measures will be taken.

(3) Construction cost standards, basic to the realization of investments, should be approximately as follows :

1. Primary education			
a. Village Schools	2.5 — 30	TL.	300
b. City Schools	2.5 — 3.0	"	350
c. Regional boarding schools	13.0	"	500
2. Secondary Education			
a Secondary schools	5.0	"	400
b. Lycées			
(1) Boarding schools (50 % boarding)	9.0	"	450
(2) Lycées (non-boarding)	5.0	"	450
3 Vocational and Technical Education			
a. Boys' technical institutes	9.0	"	500
b. Commercial Lycées (same as lycées)			
4. Teacher Training Schools			
a. Normal Schools	16.0	"	400
b. Teaching Institutes	19.0	"	450
5. Higher Technical Schools			
(Student - teacher residences excluded)	14.0	"	500
6. General Higher Education			
(Student Teacher residences excluded)			
a Medical Schools	10.0	"	500
b. (Hospital investments excluded)			
b. Schools of Agriculture	8.0	"	500
c. Veterinary School	12.0	"	500
d. Faculty of Sciences	7.0	"	500
e. Other Faculties	6.0	"	500

e. Special Measures Concerning Different Levels of Education

Measures will be taken to reduce the cost of construction. The results of the research undertaken by the University of İstanbul will be taken as the basis of this work. Measures will be taken to channel secondary school graduates into vocational and technical schools.

The need for technicians in 1964 will be 12.000 and will continue to rise. The two years of training which technical institute graduates receive is not sufficient for them to carry out efficiently the functions required of them as technicians. Evening courses extended by-two years will enable graduates of these institutes to be better prepared to assume their responsibilities. No additional investment will be needed for this purpose. Research will occupy an important place in higher education and the result of such research will be made available for other purposes.

f. 1964 Investments and Special Measures

(1) Investments

(a) In the academic year 1964-65, 300.000 students will be admitted to elementary schools and 14.000 to secondary schools. In lycées the present caacity will be stabilized.

(b) Health schools will increase their student body by at least 1.000 compared with last year.

(c) Schools of agriculture will accept an additional 500 students in their first year. Agricultural schools at junior secondary level will be treated on lycée level and graduates of junior secondary schools will be accepted.

(d) In 1964 commercial schools will accept an additional 1.000 students.

(e) Technical schools will increase their student body by 4.000.

(f) Normal schools will enrol 3.500 additional students.

(g) In the academic year 1954-65 the number of students entering higher institutes will be at least the same in the previous year.

(h) Higher teacher training schools will have 800 additional students in 1964-65.

(i) Higher schools will have an additional 1.900.

(j) Veterinary schools will increase their number of students by 100.

(2) Special Measures related to 1964 Investments.

(a) In making investments, the primary aim will be to create maximum student capacity.

(b) Projects will be selected according to their respective contributions bringing present educational capacity to an optimum level.

(c) In selecting projects the availability of teachers will be considered.

(d) The building of elementary schools-especially in the Eastern regions-will be accelerated.

In regions where there are clusters of villages with populations below 250, regional boarding schools will be built.

TRAINING IN INDUSTRY

In 1963 an executive body composed of delegates from the Ministries of Education, Labor and Industry prepared a report on training in Industry. A Project in this area would probably benefit from UN special funds.

The Ministry of Industry has begun to organize training in the Ministry itself and in allied organizations. Some of the important issues here are:

1. Introduction of a wage system based on a wage and job analysis.

2. Encouragement of the training of supervisors and cooperation between workers' and employers' organizations.

3. The training of army personnel to help meet the requirements for qualified laborers and foremen.

4. In 1964, 112.500 qualified laborers and foremen will be trained in newly established or projected in-service training centers. Their course of training will be laid down by the State Planning Organization.

CULTURAL ACTIVITIES

1. Public libraries will be opened on village level as part of the community development program.

2. Prospects of encouraging the development of fine arts will be studied.

3. The appropriate agencies and the State Planning Organization will collaborate in the protection of historical monuments and their value in programs of cultural development.

4. The proiect for regional theathers forecast in the Development Plan will be brought to fruition.

5. Steps to encourage private theathers which are of artistic and public education will be taken.

RESEARCH ACTIVITIES

1. INTRODUCTION

Research studies play an important role in development. Basic research requires great resources and efforts in scientific and economic fields. Its development in Turkey is limited by prevailing circumstances. Allocation of resources to applied research has however received great emphasis.

2. 1963 IMPLEMENTATION

The Public Research Institutes received the necessary financial support to perform their functions in 1963. A survey was carried out to determine the kinds of research work performed in Turkey. An invertory of research activities can thus be drawn up.

The kinds of applied studies necessary for the realization of the Plan targets are also being determined. Incentives to applied research in the private sector are being sought.

3. 1964 STUDIES

a. Studies by the independent Scientific and Technical Research Committee formed to organize basic and applied research and to co-ordinate and stimulate these activities will be intensified.

b. An independent Economic and Social Research Institute will be set up. Its main function will be to carry out the economic and social surveys necessary for long-term planning.

c. The Tests and Measurements Bureau of the Ministry of Education will be endowed with the legal status of a research institute. In this way it will be possible to utilize the existing potential of the Bureau in the most efficient way.

d. Studies on the establishment of new libraries and expansion of existing ones to ensure that leading national and foreign scientific publications are available in required numbers and places will be continued.

e. Publications and minutes of the meetings of international organizations of which our country is a member will be studied by the relevant bodies and it will be their function to spread this information to all allied institutions.

f. Improvement of research, translation of foreign scientific publications into Turkish by universities and other organizations will be encouraged.

HEALTH

1. 1963 IMPLEMENTATION

A new medical school has been established. The Health and Social Aid Ministry is being reorganized to fulfil the objectives defined in the 1963 health program.

2. 1964 STUDIES

a. 276 health units will be established in the Mardin, Erzincan, Diyarbakır, Siirt, Urfa and Erzurum provinces.

b. In addition to 10 health centers in 1963, 10 others will be established in 1964. These will be in Ankara, Elazığ, Erzurum, Maraş, Nevşehir, Niğde, Sinop, Tunceli and Diyarbakır, and will have a total of 260 beds.

c. Measures to eradicate malaria will be continued.

d. New tuberculosis dispensaries will be established in Antalya, Ağrı, Kars and Hatay. The construction of the 350-bed Konya Sanatorium will be completed and the construction of three tuberculosis sanatorium in Erzurum, Bursa and Sakarya will be commenced.

e. Trachome eradication caried out jointly by the Ministry of Health, World Health Organization, and UNICEF will continue over a larger area than in previous years. Two trachome hospitals with 50 beds each will be established in Adıyaman and Gaziantep.

f. The Elâzığ leprosy hospital will be expanded and transformed into a leprosy rehabilitation center, and the Bakırköy Leprosy Center will be reorganized so as to become a home for those disabled by this disease.

g. The eradication of syphilis, venereal and other contagious diseases will be carried out by health centers, dispensaries and hospitals.

h. Child and maternal hygiene centers will be established as soon as possible. Meanwhile health centers will provide these services.

i. Five worker's health centers will be established.

j. The private sector will be encouraged to establish hospitals.

k. Uniform practices will be established in hospital administration to help to increase revenues.

1. The preparatory phase of the opening of a new medical school in Istanbul will be completed. Possibilities of opening new medical schools in Ankara and Erzurum will be investigated.

m. Cooperation will be established between Universities, the Ministry of Health and Social Aid, and medical schools to train general practitioners. The possibility of opening hygiene centers in Erzurum and İzmir will be investigated.

n. The Ministry of Health and Social Aid will begin construction of three new hospitals and maternity homes with a total capacity of 2 100 beds and the Social Security Administration will continue the construction of 18 hospitals with a 3.800 bed capacity.

SOCIAL WELFARE

1. 1963 IMPLEMENTATION

The bill for the Patronage Law has been drafted. Bills relating to the Academy of Social Services, the Social Services Institute and the rehabilitation of the disabled are also being considered by the Ministries.

The construction of an old people's home and of the Numune Hospital Rehabilitation Center has begun.

2. 1964 STUDIES

a. Measures

(1) Juvenile courts will be rapidly established.

(2) A special committee to prevent juvenile delinquency will be formed in collaboration with the Ministries of Justice, Health and Social Aid, and Education.

(3) A committee will be formed to determine the exact number o rehabilitation programs required for the handicapped.

There will be cooperation in the field of Social Welfare between voluntar organizations and public agencies.

OTHER PUBLIC SERVICES

1. INTRODUCTION

Discussion topics in this section are drinking water administrative buildings, buildings for commercial services, mapping, registry and cadastre studies; and various construction, execution and maintenance work for infrastructural facilities necessary in the case of some public services.

Investment priority is given to the least developed regions.

2. DRINKING WATER

The supply of drinking water falls under two headings.

a. Village Drining Water : The General Directorate of State Hydraulic Works will deal with this and contribute to expenditures by local provincial administration for this purpose.

b. Drinking water in Urban Areas : This will be dealt with by the İller Bank.

c. Measures : The local provincial administration will be responsible for drinking water investments. In view of the shortage of financial resources and technical knowledge however, the State Hydraulic Works will take part in these investments and will assist administrations.

All investments under this heading will be integrated in projects. This will eliminate unnecessary expenses.

The necessary steps will be taken to provide voluntary village labor participation of the people and to coordinate the various organizations and government agencies concerned with these investments.

3. ADMINISTRATIVE BUILDINGS

Luxury will be avoided. Measures already outlined for the construction sector will be applied in order to decrease construction costs and save time.

4. LITTER REMOVAL AND OTHER MUNICIPAL SERVICES

Voluntary participation in municipal services will be encouraged. Key factors in these services will be ease of operation, economy and speed.

5 MAPPING, REGISTRY - CADASTRE AND RECONSTRUCTION PLANS

In conformity with the objectives of the Development Plan, all proposals by Ministries, government agencies and organizations for survey and mapping were accepted for the year 1964.

In 1964 the maping capacity of the General Directorate of Registry and Cadastre will be increased to 20.000 km².

Measures : Traditional methods of cadastral mapping will be abandoned and replaced by the photogrammetric method.

The work of agencies dealing with cadastral maps will be coordinated. More emphasis will be placed on the training of personnel.

PART V

COMMUNITY DEVELOPMENT

1. INTRODUCTION

Community Development programs carried out in accordance with the structure and the needs of a community are known to be of great help in the solving of that community's social problems, successful implementation of the 1963 Program made it possible for the same basic principles to be applied in 1964 also.

2. 1963 IMPLEMENTATION

a. Planning and Programming Activities

Six pilot project areas have been chosen and the necessary inter-ministrial co-operation was secured.

b. Teaching and Training Activities

Rural personnel were trained for community development programs. Some scholarships were secured for community development teaching purpose through Foreign Technical Aid Programs.

c. Evulation and Research Activities

Various ministries are in co-operating closely in the preparatory phase of project-planning and implementing and in determining the social and economic requirements of the regions concerned. Laying the main emphasis on field work, the State Planning Organization assumed the major responsibility in executing pilot-region programs.

3. 1964 STUDIES

a. In addition to the number of pilot-project regions stated in the 1963 Program, six other pilot--project regions were accepted in the 1964 Program.

b. The basic principles accepted as a basis for coordination purposes remain unchanged for the 1964 Program.

c. Local voluntary help for community development will be channeled by extending technical aid to such regions.

d. Community development programs will be also be carried out in a chosen pilot city.

e. Training of public personnel for community development purposes will be given due consideration.

f. Seminars will be held to train administrators.

g. Local voluntary participation in community development will be encouraged.

REGIONAL PLANNING

1. INTRODUCTION

Comprehensive regional planning is an important tool of comprehensive social and economic planning, for it aims to correct the distribution of investments and to increase to a maximum regional levels of income.

This section of the 1964 program will be mainly a continuation of the 1963 program observing the same principles of equity and productivity.

2. 1963 IMPLEMENTATION

Various centralised and regional studies are being carried out. Centralized studies are to determine the variables to be considered in aiming at a sound regional distribution of investments and to improve methods of analysis for regional planning as well as to construct a tentative model for programming.

Detailed appraisals of indicators of social and economic conditions and showing the provincial differences have been completed.

The invertory phase of the Antalya Project is nearly completed. Studies for the regions of Marmara and Zonguldak have reached the evaluation stage in relation to resources and possibilities.

An office for the Çukurova Project has been set up and it has begun to collect and evaluate data.

3. 1964 STUDIES

a. Studies will be carried out of improve methods of analysis in Regional Planning. An improved comprehensive and comparative approach will be devised to model a workable program which will fit actual conditions in the regions.

A method of using indexing studies as a means of continuous checking and comparison will be determined.

Existing and required data such as income-level estimations, indices of socio-economic status and the factual situation of services at province level will be standardized.

Guiding criteria for investments and the distribution of public services have been determined. In future a control and follow-up system will be developed.

A nation-wide internal migration analysis will be made and initial results will be taken into consideration in the formulation of measures for resettlement and urbanization.

Surveys of industrial districts, small-scale industry development, and community development studies will be co-ordinated within the concept of regional planning and development.

Legal and organizational problems will be dealt within the technical and administrative co-ordination of regional planning.

b. Regional Pilot Projects

Antalya :

Detailed studies will be carried out in selected priority sectors. Planning in the use of land will be improved and developed. Proposals, measures and projests will be incorporated in the yearly programs.

Çukurova :

Sectoral studies will be carried out on these sectors for which inventories have been drawn up. Evaluation of alternative land-use planning proposals, measures and projects will be included in program preparations.

Marmara :

Priority scales will be determined for related projects and sectors according to the latest land-utilization plan in the İstanbul-Adapazarı sub-region and the implementation phase will be co-ordinated. Industrial district and industrial complex studies for the Marmara region will be further developed.

Sub-regional studies and survey will be enlarged.

Zonguldak :

Results of work completed will be reviewed. Investment proposals to be entered in the annual programs will be the subject of pre-project analysis and evaluation.

East and South-east Anatolia :

Socio-economic surveys and all such data will be amplified at the center and in the region for comprehensive multipurpose regional planning.

West Anatolia :

Primary surveys will be conducted in this region, which shows rapid economic and social growth.

OTHER POINTS RELATED TO REGIONAL DEVELOPMENT

The principle of balanced resettlement embodied in the Five Year Plan will be adhered to in regional planning, industrialization and urbanization policies. Public service investments will be used as a tool for unifying scattered and economically weak villages. Studies of land use and social characteristics will constitute an important foundation for this purpose.

Agencies concerned with public infrastructural investments in urban areas will also be made to give financial support to local municipalities.

Town planning will respect developmental needs a manner which will accelerate and regulate investment programs.

PART VI

IMPLEMENTATION

The measures which will be applied in various sectors and the principles which will be followed in the implementation of sector programs with the object of realizing the plan and program targets are shown in the relevant sections. As in the implementation section of the Development Plan, it is the main guiding lines to be followed in the implementation of the 1964 program which are considered here.

As indicated in the Development Plan, the major function of the government in the field of implementation is to follow economic developments closely and to use the tools and means at its disposal in a flexible and effective manner within the framework of a consistent policy. The main point to be stressed is that, in discharging these duties, the government should avoid unnecessary interventions when taking decisions which have an impact on the economy. Another point which is equally important is that the decisions to be taken should have consistency and continuity.

Within this general context, the following aspects will be considered in Part VI: the financing of the program, as an essential condition of effective implementation; the main lines of the monetary credit and price policies to be followed to direct economic life towards the plan and program targets; the work to be undertaken in connection with the establishment and development of the capital market; and finally the basic reforms and reorganizations visualized in the Plan. Foreign economic relations are also considered.

FINANCING OF THE PROGRAM

As the major element in successful implementation, financing should not only be on a sufficient scale, but should also be based on sound resources such as are not likely to disturb the balance of the economy and are in compliance with the plan principles. These principles postulate that public expenditure should be met from taxes and similar revenues and that private investment should be financed by long-term funds based on real savings.

These principles were taken into account in the financing of the 1964 program; care was taken to assure proper equilibrium among the various expenditure resources, and the achievement of development objectives within a framework of stability.

In the implementation of the program, the observance of these general principles of balance and stability will also be closely watched, and if necessary the instruments of financial and monetary policy will be used in the most effective way to safeguard equilibrium, and assure continuity in economic development.

FINANCING OF THE PUBLIC SECTOR

GENERAL AND ANNEXED BUDGETS

1. CHARACTERISTICS OF THE BUDGET

The 1963 program had pointed to the need to reconsider the method of preparing the general and annexed budgets, and to carry out a reform which would make it possible to verify easily the conformity of budgetary expenditures to plan targets and would institute a control designed to prevent unwarranted expenditures. As a result of the studies conducted on general and annexed budget expenditures and their presentation, a new budget form was prepared for 1964 which will be used by all government departments.

Whereas previous classification divided public expenditures into "current" and "investment" expenditures, the new classification sets forth three categories of expenditure: 1) "current" 2) "investment" and 3) "capital formation and transfer payments." In order to maintain conformity with the plan, transfers and minor repairs have thus been distinguished from investment expenditures and classified separately.

Nationalisations, purchases which are not directly connected with investments, and debt repayments fall under a separate group distinct from investments. In its new form, the 1964 budget is the first step towards "Program Budgeting". In accordance with the points outlined below, all studies and analyses to be made on the budget from now on will make it possible to calculate and verify the cost of services.

a. Public expenditures will be classified by functional groups and each public service will be entered under one of these groups.

b. Each function will have a unit and a unit cost which will be determined according to the principles of cost accounting.

c. The number of budget chapters will be reduced, delays in services due to transfers or additional allocations will be avoided.

In the 1964 budget appropriations have been made to cover the operational deficits of deficitary State Economic Enterprises; and the allocation of counterpart funds designed to finance the investment of State Economic Enterprises has been made by entering them as revenue and expenditure in the new budget. Thus in addition to better classification of budgetary expenditures, covering a greater part of public expenditure than in previous years will be ensured, and the National Assembly will be better able than formely to foresee and control the use of public expenditures.

2. FINANCING OF THE BUDGET

In order to attain the targets envisaged in the Development Plan the budget of the fiscal year 1964 should be balanced at around 13.997 billion TL. Out of the expenditures included in the general and annexed budgets a total of 4.747 billion TL. has been set aside as direct or indirect investment allocations. 3.397 billion TL. of this amount will be devoted to the investments of agencies included in the general and annexed budgets. The remaining 1.35 billion TL. will consist of transfer payments from the general budget for investment purposes and will finance the investments of State Economic Enterprises and of such enterprises as the Ereğli Iron Steel Mills.

According to the new form of presentation of the budget a total current expenditure of 7.25 billion TL. is forecast, which includes expenditures which are closely related to the economic and social development of the country, although they are not investments in the strictly economic sence of the word. These so-called development expenditures are expected to account for 2.8 billion TL. or 7 per cent above the 1963 level.

Out of current expenditures 250 million TL. will be set aside for minor repairs. Other current expenditures will be kept at a level of 4.2 billion TL. or just 3 per cent above the 1963 level. This does not include the allocations previously entered among these expenditure items of the budget, nor other expenditure in the nature of transfer\expenditures. These accounts will be entered as from 1964 under transfer payments.

In Table 156 the levels to be reached by the main expenditure and revenue items of the 1964 general and annexed budgets are shown in comparison to those of 1963. As seen from this table, the increase in total current expenditures has been kept at close to 4.4 per cent. The necessity of raising development expenditures by 7 per cent explains why the increase in these current expenditures exceeds 3 per cent.

It was considered essential, in order to attain the investment targets of the plan, to secure an increase of 12.5 per cent in investment expenditures.

A cursory glance the 1964 budget might create the impression that "transfer payments and capital formation" expenditures show a very sharp rise. In reality, this increase is due to a large degree to the fact that the counterpart funds previously allocated to State Economic Enterprises through the Internal Financing Fund in a way which did not affect the budget are now transferred in 1964 through the agency of the budget and cover the whole of the provisions against loss for State Economic Enterprises. As a result of the decision to record henceforth in the budget the whole of the counterpart funds to be used in the Public Sector, which originate from credits which have the character of public debts, the funds secured by State Economic Enterprises in 1963 from sources other than the budget also appear in the 1964 budget. Furthermore, internal and external debts (which exceed the 1963 amount by 214 million TL.) have been entered in the new presentation of the budget under the item "transfers and capital formation", and a considerable increase is therefore in the amounts entered under this head in 1964. If the system applied in the 1963 budget had been continued, instead of 3.35 billion TL. in 1964, total transfer expenditures in 1963 would have amounted to 1.4 billion TL., or an increase of 8 per cent.

General and Annexed Budget Revenues and Expenditures

TABLE : 156 *(Million TL. at current prices)*

	1963	1964	Difference	As per cent
I. EXPENDITURES				
1. Current Expenditures	**6.945**	**7.250**	**305**	**4.4**
1. 1 Development Expenditures	2.617	2.800	183	7.0
1. 2 Other current Expenditures (1)	4.078	4.200	122	3.0
1. 3 Minor repairs	250	250	—	—
2. Investments	**3.019**	**3.397**	**378**	**12.5**
3. Transfers and Capital Formation	**2.583**	**3.350**	**767**	**29.6**
3. 1 Public debts	1.214	1.428	214	17.6
3. 2 Expropriations	200	200	—	—
3. 3 Transfers to private and public organization (1)	854	772	—112	—12.6
3. 4 Transfers to State Economis Enterprises (1)				
a. Provision against loss	195	570	375	192.3
b. For investments	90	380 (2)	290	332.2
Grand Total	**12.547**	**13.997**	**1.450**	**11.6**
II. REVENUES (3)				
1. Tax Revenues	**8.600**	**9.650**	**1.050**	**12.2**
a. Direct taxes	2.800	3.100	300	10.7
b. Indirect taxes	5.800	6.550	750	12.9
2. Budget Revenues Other than Taxes	**1.450**	**1.600**	**150**	**10.3**
a. Savings bonds	420	450	30	7.1
b. Other budget revenues	563	600	32	5.6
c. Annexed budget revenues	462	550	88	19.0
3. Counterpart Funds	**1.650**	**1.800**	**150**	**9.1**
4. Additional Financing Requirements	**847**	**947**	**100**	**11.8**

Total expenditure in the 1964 general and annexed budgets is however only 11.5 per cent higher than the 1963 level, while the rate of increase in 1962 and 1963 was nearly 20 per cent.

Revenue figures in the table are present-day estimates of income from the various items in the 1964 general and annexed budgets. According to these estimates, which are expressed in round figures, if the present tax system continues in force and is applied in the same way in the fiscal year 1964, total tax revenues may be expected to reach 9.65 billion TL. The target for tax revenues set in the plan was 10.1 billion TL. at 1961 prices, or in trems of 1962 prices 10.5 billion TL.

Budgetary revenues other than taxes are expected to amount to some 1.6 billion TL. in 1964 while the counterpart funds that can be secured for the budget are expected to total 1.8 billion TL. Total non-tax revenue should thus reach 3.4 billion TL. and total revenue 13.5 billion TL. These provisional estimates based on available return figures for the first five months show that in order to balance the budget, additional financing facilities of about 947 million TL will be required. Actual proceeds from revenue items in the coming months will show whether this amount has to be revised upwards or downwards. Since July 1963, receipts have tended to increase. The definite figure for additional financing requirements will therefore be known when the draft budget for the fiscal year 1964 is given its final form.

These additional financing requirements should not be regarded as a budgetory deficit in the conventional sense, since this gap indicates the additional financing requirements of the whole public sector and not those of the general and annexed budgets only. In actual fact a large part of this deficit is related to the transfer payments to be made from the budget to finance the expanding investment programs of State Economic Enterprises.

As seen from Table 157, there is no financing deficit as far as local administrations and establishments with revolving funds are concerned. The additional financing requirements of State Economic Enterprises are also intended to be met from the general budget.

In order to attain the plan objectives, additional financing requirements must be met from sound sources, particularly within the context of the tax reform in progress. The fact that financing requirements are basically related to the budget and to State Economic Enterprises, however, means that the ways of meeting this deficit should be considered from that angle.

3. MEASURES RELATING TO THE PREPARATION AND IMPLEMENTATION OF THE BUDGET

The following principles will be observed in the preparation of the 1964 budget and the following implementation measures will be applied :

a. Balancing the Budget

As stated in the relevant sections, to enable the economy to grow in line with the Plan targets, the budget of the fiscal year 1964 should be balanced and implemented so as to show no deficit at the end of the year. Special importance attaches to the various aspects of budgetary preparation and implementation.

Revenue and Expenditure Balance of other Public Establishments

TABLE : 157 *(Million TL. at current prices)*

	1963	1964	Difference
1. **Local Administrations**	1.427	1.679	252
a. Current Expenditures	1.067	1.150	83
b. Investment Expenditures	360	529	169
2. Investment of establishments with revolving funds	287	264	—22
3. Investments of State Economic Enterprises	1.950	2.654	704
Total	**3.664**	**4.598**	**934**
1. **Local Administration Revenues**	1.427	1.679	252
2. **Revolving Capital Funds**	287	265	—22
3. Resources of State Economic Enterprises	1.950	2.654	704
a. Resources proper	855	1.304	449
b. Project Financing	220	400	180
c. Transfers from the budget (including counterpart funds)	875	950	75

(1) All expenditures must be taken into consideration in the preparation of the budget. Appropriations which correspond precisely to real requirements will be approved for necessary expenditures.

(2) Revenue estimates will be realistic; the total revenue that may be forthcoming in 1964 will be shown in the budget after all sources of revenue have been closely examined.

(3) In order to meet public expenditure, which whould rise at the rate indicated in the plan, the rate of increase in budgetary revenues should be proportionate. With due consideration for the reorganization measures outlined in the section dealing with tax reform, stress will be laid on an increase in revenues, and a balanced budget will be prepared in 1964.

(4) No new services or expenditures other than those anticipated in the plan or program will be introduced within the year; no demans for additiona or exceptional payments will be entertained.

(5) Transfers generally signify that spending departments have no prepared their budgets with the necessary care. Since transfers also result in the actual spending of appropriations which could have been saved, they have the effect of additional appropriations in budgets, which will show a deficit Transfers will therefore be resorted to only in cases of extreme urgency and care will be taken to ensure that they have no adverse effects on budget balances.

(6) In the implementation of the budget, as son as it is clear that the expected increases in receipts will not be realized, economies will begin to be effected and timely measures taken to safeguard budgetary balance by drawing on other sound sources.

(7) One of the most important adverse elements affecting the balance of the budget adversely are the liabilities accruing to the current budget from previous years, namely, previously incurred budgetary deficits. Care will be taken in the preparation and implementation of the budget to ensure that the outstanding charges to be transferred to the following year are not greater than those of the preciding year.

b. Securing Economies

(1) The major consideration in programming investments and preparing projects will be economic efficiency and low-cost structures. Luxury construction will be ruled out and excess capacity will not be created. Except in necessary cases, social facilities will not be provided and their provision, where approved, will be kept to a minimum.

(2) The major consideration in investing allocations will be to secure economies. The Ministries of Public Works and Construction and Settlement and the Universities will collaborate to ensure completion of work on the determination of standards designed to reduce project and construction expenses and to permit efficient and economical operation of projects. These standards will be enforced in public construction during the coming program period.

(3) The cost of the services included in current and development expenditures will be studied and methods of making public services more efficient on the same basis will be expored.

(4) Work aimed at instituting, in addition to the financial control over public expenditures, economic and technical controls to ensure conformity with the plan and programs will be completed. The necessary legislative amendments will be drafted.

c. Provisional Drawings against future years has been prepared. Early enactment of this bill will be urged. This will avert the need for special provisions authorizing individual departments to draw against coming years and the delays which these tend to cause.

d. Assumption of Responsibilities

Lengthy procedures and delays in expenditures arising from the structure of the budget and from expenditure formalities have been eliminated by means of the following measures : reducing the number of sections in the budget; adopting new principles which will apply to provisional drawings against future years; modifying the Law on Adjudications and Aids. In order to proceed as swiftly as intended with investment policies, the responsible bodies will need to exercise their authority judiciously and effectively.

e. Modifications to Project costs

Some departments are allocated investments in the form of global sums and can make adjustments to current projects in conformity with their regulations. When allocations are not granted on the basis of projects, it is essential that investments should conform to the lists of projects published i the program. Modifications will be allowed only if essential.

f. Duplication of Services

Several departments acting independently each perform similar services which loads to excess capacity and raises the cost of these services.

Measures for merging construction and printing operations are shown i the relevant sections. Ministries responsible for the various services and othe related organizations will immediately institute studies on the merging o maintenance and repair operations and other common services and similarly o the utilization of installed capacity by other departments and administrations The necessary measures will be introduced without delay.

ADMINISTRATION WITH REVOLVING CAPITAL

Agencies with revolving capital are public institutions of special statu which create investment resources by putting their capital into operation I their capacity for creating investment resources, the most important of thes are: the General Forestry Directorate, General Directorate of State Farms General Directorate of Soil Improvement and Irrigation, and agencies wit revolving funds attached to the following: the Cotton Directorate, the Stat Hydraulic Works General Directorate, the Ministry of Health, and Ministr of Finance. The investments financed by the Atatürk State Farm and the Spor Toto Organization of the Physical Education Department (institutions whic under their establishment law do not qualify for inclusion in this group despit a certain similarity in that funds have been appropriated in their name) an investments financed by cash transfers from the Mining Research and Prospecting Institute and the Electric Power Survey Administration can be regarde for practical purposes as investments financed by administrations with revolving capital.

1. 1964 INVESTMENTS

Investments of administrations with revolving capital have been examined by the State Planning Organization on the basis of pre-projects and information supplied by them and have been selected for inclusion in the 1964 program.

As a result total investments by these administrations will amount to 265 million TL. in 1964.

2. 1964 REVENUE AND CURRENT EXPENDITURE

According to figures supplied by administrations with revolving capita (excluding the General Directorate of Monopolies), their total revenue in 1964 will amount to 1.9 billion TL. and their total current expenditure to 690 million TL.

This implies that total revenue in 1964 will meet investment and current expenditures. The balance of total revenue over current expenditure is 400 million TL. of which 265 million TL. will be set aside for investment and the remaining 135 million TL. will be added to revenue in annexed budgets.

In some organizations revenues fall somewhat short of investment expenditures. This can be remedied by economies in current expenditures and by small Treasury grants. There will thus be no decrease in total public resources and the proportion accruing to the annexed budget will show a slight increase compared to 1963.

3. MEASURES

a. Administrations with revolving capital, which in view of the nature of the services they perform are endowed with a certain amount of capital, will comply with the principles of efficient business administration.

b. These institutions will improve their accounting system by adhering to the principles of operational accounting in conformity with the structure of the enterprise.

c. The most care will be taken to prevent stocks from rising above requirements and to enhance the value of such materials as crap as rapidly as possible.

d. Current expenditures will not be increased. Studies will be conducted and measures taken to assure that the conduct of operations provides maximum economies within the limits of each enterprise.

e. Swift remedial measures will be taken in fields of activity which show a loss even through prices are fixed by the enterprises themselves.

STATE ECONOMIC ENTERPRISES

1. 1964 INVESTMENTS

State Economic Enterprises are the organizations responsible for making directly profitable and productive investments in the public sector. The plan states that these organizations will work side by side with and on equal competitive terms with the private sector. Equal competitive terms mean that State Economic Enterprises may act like private enterprises and seek means of increasing their investment resources by making the necessary changes in their organizational structure. These principles are given due consideration in the 1964 program.

Investments by State Economic Enterprises are based on the projects and pre-projects submitted by them to the State Planning Organizaion; in the selection of those to be included in the 1964 program, besides various other criteria priority was given to the rapid completion of continuing investments. Criteria for new projects relate to producer goods and intermediate services and to those investments which the private sector is not expected to make. Investments by State Economic Enterprises in 1964 were thus calculated to amount to 2.654 million TL. in value.

The financing resources of State Economic Enterprises were assessed by estimating the investible funds which could be generated by the various enterprises. Although these enterprises are generally capable of financing themselves, there are some which have operational deficits. The State Railways in particular show a large operational deficit. These deficits tend to reduce the total investment resources of State Economic Enterprises.

In calculating investment resources, account was also taken of the finance resources generated by non-operational organizations and which are used for their own investments. Moreover in compliance with the plan and the principles adopted for the reorganization of State Economic Enterprises, the individual resources of such national savings institutions as the Pension Fund, the Workers Insurance, and the State Investment Bank were also taken into account as investment resources. The total resources which State Economic Enterprises as a whole can devote to investments in 1964 were thus estimated at 304 million TL.

The calculation of resources took no acount of payments made to the Teasury, after the necessary profit deductions, by enterprises whose capital is entirely paid up. In cases of transfer to the budget of profits of this kind, an increment of the same amount appreare as a deficit which will have to be met in the financing program of State Economic Enterprises.

Among the investment resources available to State Economic Enterprises are the project-bound credits formerly secured from external sources. The amount of project-bound credits to be used by these enterprises in 1964, which will thus meet financing requirements of the same order, is estimated at 400 million TL.

The financing situation of State Economic Enterprises in 1964 will therefore be as follows :

Investments by State Economic Enterprises	2654
Resources of State Economic Enterprises	1304
Financing Deficit	— 1350
Project-bound credits intended for use	400
Outstanding Deficit	— 950

The reorganization of State Economic Enterprises also implies the use of new system in the financing of their investments. According to this, after reorganization has been carried out fully, State Economic Enterprises will not have any operational deficits and will become a profit-making and efficient organization. The financing requirements of their investment program will be met through the funds to be appropriated by the State Investment Bank from the Treasury.

The Bank will extend credit to enterprises for profitable and productive projects. However, for the reasons explained below, it will not be possible at present to meet the whole of the financing deficit through the resources to be made available to the State Investment Bank by the Ministry of Finance.

a. It is considered necessary in the first instance to meet the operational deficits of enterprises so as to enable them to make investments. It is not intended to meet operational deficits by credits, except in very exceptional cases of recourse to commercial banks. There is in fact no organization which is the first implementation year of the Reorganization Law, every step will be taken to meet the organic operational deficits of the enterprises. Since the effects of these measures will not be felt in 1964, these deficits will inevitably have to be met from the budget.

b. The State Investment Bank will grant credit only to investment projects which can be repaid within a specified term and at specified rates of interest. In principle the State Investment Bank will not undertake to finance projects of enterprises which, on the basis of a joint appraisal of the enterprise and its project, will not be able within a given period of time to balance their operational deficits with the help of their investments. If this rule cannot be adhered to, the resources will consequently be frozen and the bank will be unable to perform the function expected of it. It may therefore be necessary to appropriate separate funds in the budget for the financing of projects where this cannot be undertaken by the State Investment Bank.

These factors were taken into account in the preparation of the program.

2. MEASURES

Simultaneously with on the reorganization of State Economic Enterprises, this sector of the economy will enter a new period in 1964. By overcoming the various obstacles to their efficient functioning, State Economic Enterprises will subsequently be able to work on equal competitive terms with the private sector and make valuable contributions to the economy.

a. State Economic Enterprises will be free to fix their prices and tariffs in their respective fields of operation. Their main principle will be to create maximum investment resources, keeping in mind the fact that determining the highest rate and price is not tantamount to securing the highest resources; they will take market conditions into account and make every effort to utilize their capacity fully. Where prices of basic goods and services are fixed by the government, any ensuing losses incurred by the enterprises will be met from the budget.

b. The activities of State Economic Enterprises will be geared to the objectives of efficiency and economic benefit, so as to enable enterprises to reach the stage where no operational deficits are incurred. Measures will be taken to assure optimal utilization of the resources made available to these enterprises.

c. Investment projects will be prepared on the principles of efficiency and economic benefit. Investments in social services will therefore be considered only in cases of necessity and will be limited to an absolute minimum. In projects incorporated in the program under such headings as maintenance investments, these in social and administrative buildings will not figure but will appear elsewhere.

d. In accordance with modern business administration principles, State Economic Enterprises will keep a close watch on and make the best use of possible outlets on external and internal markets.

e. The State Economic Enterprises should not institute any new social services or forms of assistance which are not legally required. Existing services and facilities of a social nature should be operated in such a way as not to over burden the enterprise.

f. State Economic Enterprises with operational deficits which have to be met from the budget will be authorized to award bonuses to their officials and employees only if they can show a specified degree of improvement in their organizational pattern over a recent period of years and provided the amount any individual bonus does not exceed one month's salary. This does not include bonuses which may be awarded to employees who make outstanding contributions to the profitability and efficiency of operations or who prompt innovations in production or exploitation processes.

g. Stocks will not be piled in excess of requirements and efforts will be made to reduce accumulated stocks to normal levels so that greater investment funds may be secured. In stocks of spare parts, the rate of utilization will be taken into account.

INCOMES AND EXPENDITURES OF LOCAL ADMINISTRATIONS

1. INTRODUCTION

The total revenue and expenditure of local administration (provincial administrations, municipalities and villages) is generally on the increase, but the increase in revenue has not kept up with that of total public revenue and the share of the revenue of local administrations in GNP has therefore gradually fallen. While there has been a nominal increase in expenditures as a result of rising prices, no genuinely sustained increase has been noted in the revenues peculiar to local administrations, and these administrations have therefore been reduced to point where they cannot carry out their functions. In view of this, reorganization of the administrative and financial structures of local administrations was visualized in the plan and the 1963 program, and the attainment of local financial self-sufficiency was considered. Work on the bills concerning real estate taxes, financial balance, municipal debts is nearing completion.

a. Provincial Administrations

(1) Revenues

The expenditure of provincial administrations is related to their revenues. The estimated revenues of provincial administrations in 1964 compared to previous years are shown in Table 158.

Revenues or Provincial Administrations

(Million TL. at current prices)

TABLE : 158

Year	Individual revenues	Index	State Assistance	Total	Index
1960	185.5	100.0	209.2	394.7	100.0
1961	249.4	134.4	253.8	503.2	127.0
1962	249.2	134.4	351.8	601.0	152.0
1963	279.2	150.5	477.7	756.9	191.0
1964	285.5	153.9	—	—	—

Estimates for 1964 were calculated on the assumption that there would be no special increase from any revenue sources. Although the Real Estate Tax Law, aimed at merging building, depression and land taxes amounting to 51.4 per cent of provincial administration revenue, will provide for an increase in the revenue of provincial administrations, this increase will be very slow to become apparent.

Since some of the buildings exempt from taxes for a period of ten years will have outlived this exemption, and since the number of buildings on which taxes are levied will have increased by 1964, the revenues for that year may be somewhat higher than present estimates.

(2) Expenditures and Investments

Since the scope of the services provided by provincial administrations has diminished, their expenditures have also fallen. Although a nominal increase in expenditures in shown in Table 159, price increases transform this into a decrease in real terms.

Expenditures of Provincial Administration

(excluding State Assistance)

(Million TL. at current prices)

TABLE 159

Year	Current	Investment	Total Expenditure	Index
1960	132.5	45.5	178.0	100.0
1961	178.1	61.3	239.4	134.5
1962	178.0	61.2	239.2	134.4
1963	199.4	68.6	268.0	150.5
1964	200.0	75.0	275.0	154.5

The current expenditure and investment figures given in Table 159 were calculated by applying the rates of realization in previous years to the budget figures calculated for the years listed above by provincial adminisrations.

Excluding State investments, the total expenditure of provincial administration in 1964 is estimated at 274 million TL.

According to current expenditure and to investment expenditure ratios in previous years, 75 million TL. of this total are expected to be consumed by current expenditures.

(3) Distribution of Investments

Mining	1	Million TL.
Transport	6	"
Tourism	5	"
Services	53	"
Housing	10	"
Total	**75**	"

b. Municipalities

(1) Revenues

Although municipal revenues show a tendecy towards a steady increase, they fall considerably short of requirements.

Municipal revenue estimates are shown in Table 160.

Municipal Revenues

TABLE : 160

(Million TL. at current prices)

Year	Revenue	Index
1960	793 7	100 0
1961	876.1	110 4
1962	946 6	119 2
1963	1.017 3	128 2
1964	1.244.0	156.8

With the enactment of bills on the reorganization of local administration revenues forecast in the 1963 program, there will be an important increase in total municipal revenues. Some of these bills, such as those on Real Estate taxes and on financial balance will not become effective before 1964, and this increase was therefore estimated at 154 million TL. With this additional increase municipal revenues, estimated at 1090 million TL. on the basis of a normal increase, are expected to attain a level of 1.24 million TL.

(2) Expenditures and Investments

The expenditures of municipalities between 1960 - 1964 are shown in Table 161.

Municipal Expenditures

TABLE : 161

(Million TL. at current prices)

Year	Expenditure	Index
1960	815.9	100.0
1961	876.1	107.4
1962	946.6	116.0
1963	1.017.3	124.7
1964	1.244.0	152.5

In the 1963 program investments by municipalities were estimated at 21 per cent of total expenditure. On the assumption that the bulk of the additional revenue of municipalities in 1964 will be devoted to investments, these will amount to 28 per cent of total expenditure. Since there will be a decrease in the shares and debt-interests and other fixed expenditures of municipalities when the bills in preparation take effect, investments may well reach this percentage, and were thus estimated at 354 million TL. for 1964.

Distribution of Investments

Manufacturing industry	15.0	Million TL.
Energy	90.0	,,
Transport	60.0	,,
Tourism	11.0	,,
Services	128.0	,,
Housing	50.0	,,
Total	**354.0**	,,

c. Villages

(1) The 1960-1964 village revenue estimates, reflecting a steadily growing contribution are shown in Table 162. Entries for 1960 are the final expenditure figures, while the others were calculated with reference to budget figures and rates of proceeds.

Village Revenues

TABLE : 162

(Million TL. at current prices)

Year	Revenue	Index
1960	135.5	100.0
1961	149.6	110.4
1962	141.3	104.3
1963	159.6	117.8
1964	180.4	133.1

(2) Expenditures and Investments

Village expenditures from 1960 - 1964 are shown in Table 163.

Expenditures of Villages

TABLE : 163 *(Million TL. at current prices)*

Year	Expenditure	Index
1960	121.8	100.0
1961	134.0	110.0
1962	126.5	103.9
1963	142.6	117.0
1964	160.0	131.3

A study of previous years shows that village corporations devote on an average 55.1 per cent of their expenditures to investments. In view higher village contributions to education, transport and health expenditures in 1964, total investment percentage estimates for 1964 are higher than previously, reaching a figure of 100 million TL.

Estimated Distribution of Investments

Agriculture	20	Million TL.
Energy	4	''
Transport	20	''
Tourism	1	''
Services	55	''
Total	**100**	''

d. Total Expenditures

Total expenditures and investments by local administrations in 1964 are shown in Table 164.

Expenditures of Local Administrations in 1964

TABLE : 164 *(Million TL. at current prices)*

	Current	Investment	Total Expenditures
Provincial Administrations	210.0	75.0	275.0
Municipalities	890.0	354.0	1 244.0
Villages	60.0	100.0	160.0
Total	**1.150.0**	**529.0**	**1.679.0**

2. MEASURES

a. The process of strengthening the financial structure of local administrations and ensuring broader participatio nby local dwellers in regional services must proceed. To attain this object we :

(1) Duties collected by provincial administrations will be revised.

(2) Imposing a partial sales tax to secure additional revenue for local administrations will be considered.

(3) The imposition of a municipal tax applying to all citizens living within urban boundaries will be considered.

(4) From its first year of application the Real Estate Tax, which is one of the most important sources of revenue for local administrations will be regulated so as to assure an increase of revenue.

b. While means of measuring the financial self-sufficiency of local administrations are being considered in the bills in preparation, legislation devoted to provincial administrations and municipalities will also be reviewed in order to assure the beter functioning of services.

c. In order that the bulk of the additional revenue for local administrations may be used for the investments forecast the current expenditures of local administrations will not be increased except in cases of genuine and essential need.

d. In order that the implementation of the investment and expenditure programs of local administrations may be closely observed, these investments and expenditures will be determined and supervised on the same lines as those of the national budget. The budget sheets of these administrations will be modified to make it possible for them to draw clear distinctions between investment, development, and current expenditure.

Reports by local administrations on the actual investment outlay on the rates of realization of budgetary expenditure, and returns on revenue estimates will be compiled by the Ministry of Interior and transmitted to the State Planning Organization together with periodic progress reports.

PRIVATE SECTOR

The Development Plan being largely intended to function as a guide for the private sector, the present program does not contain detailed or mandatory measures for the financing of private investments. Measures which commend themselves and the facilities which may be provided by the government to enable the private sector to realize the investments expected of it and to keep consumption expenditures at the level forecast in the plan, are to be found in the relevant sections.

The private sector should finance its expenditures esentially from its own resources and without any intervention by the State. Public authorities need to take certain measures to simplify this financing and to ensure that the necessary funds for investments are met from sound, non-inflationary sources. The principal measures relating to financing in the private sector are outlined below.

1. ORGANIZATION OF THE CAPITAL MARKET

As stated in the relevant section, there is no sufficiently developed capital market through the agency of which projected private investments can be financed by sound, readily available resources. Studies on the establishment of a capital market adequate to present requirements will be completed in 1963. Broad and far-reaching measures suggested by the conclusions reached in these studies for the organization of the capital market will be introduced in 1964.

2. INVESTMENT ALLOWANCES

It has been agreed that investment allowances shall apply to income and corporate taxes with the object of attaining target levels in private investments and directing these investments into the fields foreseen in the Plan. The fields to which these tax concessions will apply in 1964 are shown in the section on "Guidance for the Private Sector."

3. ACCELERATED DEPRECIATION

The method of accelerated depreciation which will permit the private sector to introduce technological investments has entered into the tax-system through the studies on tax-reform which were put into effect at the beginning of the fiscal year 1963. The positive effects of this measure, which provides additional facilities for the financing of renewal investments, will be observed from 1964 onwards.

4. INVESTMENT CREDITS

In order to meet part of the investment credit needs of the private sector, the Industrial Investments and Credit Bank was established in 1963 with a capital of 120 million TL. Preparations for the establishment of a Mining Development Bank with funds of 30 million TL were completed. 25 million TL was appropriated to meet long term credit neods in the tourism sectir. It is also proposed as stated in the plan, to set aside 15 million TL for establishing a ship-building credit system. Measures will be taken in 1964 to develop these resources.

5. FOREIGN CAPITAL

Foreign capital within private investments, in most cases invested in joint ventures with domestic capital, enjoys the same rigths as Turkish private capital. Investments of this kind further benefit from the rights and facilities extended by the Law on the Encouragement of Foreign Capital. This law not only guarantees the transfer of profits on foreign capital in their integrality but also authorizes the transfer of sales proceeds. Foreign capital investments will continue to be encouraged in 1964.

In order to increase foreign capital investments, which are an additional source of financing for the private sector, importance similarly be given to measures designed to prevent tax duplication or excessive taxation by means of bilateral or multilateral agreements.

MONETARY, CREDIT AND PRICE POLICIES

MONEY AND CREDIT

1. PRESENT SITUATION

While money supply was up by 7 per cent in 1962, total bank credits showed a considerable increase of 24 per cent. This disparity between the rates of growth of money supply and credits, which generally follow fairly close trends, has been ascribed on the one hand to the fact that people have increased their bank deposits under improving political and economic conditions while their preference for cash diminished, and on the other hand to the fact that banks, operating with fewer liquidities for the same reasons of confidence, have raised their loans rather rapidly.

Money and credit movements were seen to follow a different trend in 1963 from that of 1963. While the supply of money, reflecting seasonal movements, showed a tendency to fall in the first half of 1963 owing to the effect of the money withdrawn from the market to finance additional imports of 49.8 million dollars, this fall was of the order of 3 per cent as compared to the first half of 1962, and was therefore more pronounced than the fall of 0.5 per cent which had taken place in the corresponding period of the latter year. As will be seen from Table 165 this decrease in the money supply was sufficient to compensate, the larger demands made on the Central Bank's resources by the Treasury and the private sector.

Recourses of the Treasury and the Private Sector to the Central Bank

TABLE 165

(Thousand TL.)

	June 1962	June 1963
TREASURY		
Short - term advances	257	410
Treasury bills	—	291
PRIVATE SECTOR		
(by way of rediscount)		
Total bills	1 367	1.502
Debt balance	624	1.144
Debt balance as per cent of total bills	46	76

Source : Monthly Economic Indicators, No. 58, Ministry of Finance.

As seen from the Table, although the Bank's total credits went up by 555 million TL. from 10.363 million TL. to 10.918 million TL. in the first half of 1963, the rate of increase of credits slowed down. However the fact that credits continued to grow despite a notable fall in the money supply, and the tendency of the Treasury and the private sector to make growing demands on the Central Bank's resources can be interpreted as a sign of inflationary pressures such as development efforts tend to create, particularly in underdeveloped economies. On the other hand, the financing requirements which will be necessitated by the purchase of a high cereal crop and the increase in the money supply resulting from the export season may well entail a rapid rise in credits in the latter half of 1963.

TABLE : 166

Credit Increases

(Million TL.)

Months	1962		1963	
	Amount	Rate of Growth	Amount	Rate of Growth
1st January	8.324	—	10.363	—
30th June	9.027	8,4 %	10.918	5.3 %
31st December	10.362	14,8 %	—	—

The increase in bank deposits in 1963 was slower in 1962, as will be seen from Table 167.

TABLE : 167

Increase in Total Bank Deposits

(Million TL.)

Months	1962		1963	
	Amount	Rate of Growth	Amount	Rate of Growth
1st January	8.276	—	9.418	—
30th June	8.491	2,6 %	9.456	0,4 %
31st December	9.418	10,9 %	—	—

The slower rate of increase in bank deposits in the first half of 1963 compared to the previous year may be said to result from the reduction in the stocks of money flowing back to the banks with the fall in the people's preference for liquidity, and from the contraction in the money supply. Parallel to the increase in the volume of money and credit, deposits may be expected to continue to rise slowly in the second half of 1963.

A study of money supply in conjunction with credit and deposit leads to the conclusion that Central Bank loans and rediscounts, rather than real savings constituted the resources for credit expansion.

The fact that the money withdrawn by banks financing the private sector against the bills they discounted rose from 46 per cent in 1962 to 76 per cent in 1963 confirms the belief that the increase in their credits was mainly financed through the Central Bank. It can be seen from Table 168 that besides using the resources of the Central Bank to meet the rising demand for credits, banks reduced their availabilities to operate with a narrower margin of liquidity.

Bank Liquidities

TABLE : 168

		Deposits	Liquidities	External Deposits
		(1)	(2)	(2 : 1)
December	1961	8 276	1.189	0,14
April	1962	8 406	895	0,11
May	1962	8 350	858	0,10
December	1962	9 418	1.016	0,11
April	1963	9 589	832	0,09
May	1963	9 500	815	0,09

Source : *Monthly Economic Indicators, No 58, Ministry of Finance*

The change noted in the sources sustaining the expansion of credit is of some significance. The 24 per cent increase occurring in credits in 1962 without any inflationary effects should be considered an exceptional case. It is to be feared that bank credits in 1963 will rise at a faster rate than the 12 per cent forecast at the beginning of the year. Any increase above this rate will have increasingly adverse effects on the general stability of the economy.

2 MONETARY AND CREDIT POLICIES TO BE APLLIED IN 1964

The goal of monetary policy in 1964 as for the whole of the plan period is to create conditions conducive to a stable and non-inflationary development of the economy. In order to attain this goal, care will be taken generally to prevent the money supply from rising at a faster rate than that of real national product. Two important factors will be watched in connection with the increase in the money supply : developments in the velocity of money and the growth of the monetized sectors of the economy.

In conformity with the plan principles, in the application of monetary and credit policy within this general framework in 1964 particular attention will be paid to the following points.

a. Public Sector - Central Bank Relationships

(1) Budget and Central Bank

Budgets still tend to show a deficit. The method of fininncing these deficits from Central Bank resources has been abandoned and will on no acount be reverted to again.

Drawing on Central Bank funds to implement the budget in 1964 will be resorted to only within definite limits for the short - term cash requirements of the Treasury.

(2) Relationships between other Public Agencies and the Central Bank.

The Soil Products Office (TMO), the Sugar Company, the Sümerbank and the Monopolies Administration will continue to make use of Central Bank credits in connection with their seasonal purchases. Use of these credits in strict conformity with actual objectives and prompt repayment will be stressed. Public agencies will not otherwise be permitted to draw on the Central Bank for operational and investment outlays.

b. Banks - Central Bank Relationships

The volume of credit in 1964 will assure a balanced development of sectors according to the pattern forecast in the plan; but it will not be expanded so as to be a factor of increase in the money supply above the general level 7 per cent. The Central Bank will accordingly follow developments in bank credits very closely and will determine its rediscount policy in relation to seasonal movements in credits and changes in the money supply, so as to provide banks with the liquidities consistent with stable economic development.

c. Rate of Interest

Studies on the determination of a comprehensive rational interest and credit policy were begun in 1963 with the object of ensuring that interest rates should encourage saving and maintain credit demands at the real level, and similarly balanced distribution of credits between sectors. These studies, in which the Ministries of Finance and Commerce, the Central Bank, the Union of Bank, and the State Planning Organization are collaborating will be concluded in 1964.

d. Inter - Sectoral Distribution of Credit

(1) Qualitative measures will be used in credit policy to help to attain the plan targets in sectors which are important for the economy.

(2) Credit facilities extended with a view to encouraging the growth of exports will be continued in 1964.

e. Agricultural Credit

477 million TL. out of an increase of 1.854 million TL. observed in credits between April 1962 and April 1963, are attributable to agricultural credits. The position with regard to repayment to the Agricultural Bank of the farm credits extended through the channels of co-operatives, and the geographical distribution of these co-operatives throughout the country, are shown in the attached map.

As will be seen from this map, these agricultural credit co-operatives are to be found in greater numbers in the more advanced regions producing export commodities; in this regions, the rate of repayment of co-operative members is also higher. Against this, in Central and Eastern Anatolia both the number of co-operatives and the rate of repayment are lower.

Stress will be laid on distributing credits in a way conducive to the attainment of plan and program targets, and on preventing credits extended from becoming frozen : effective co-operation in this field will be established between the Ministry of Agriculture and the Agricultural and Central Banks. To achieve these aims :

(1) Payments from the budget to the Agricultural Bank will be used mainly as investment credits;

(2) Credit control will continue to be applied vigorously and will be extended gradually to the regions of application;

(3) Studies on the merging of agricultural credit and sales co-operatives will be conducted, the effects of credit control by a single authority on production, the cost of credit and the formation of co-operatives will be investigated;

(4) Further credits will not be made available to producers who have used farm credits for objectives other than those for which they were originally approved and have exceeded the time limit for repayment.

f. Credit to Small Industries and Handicrafts

(1) It will be possible within a reasonable term to exchange credits extended by the People's Bank with the guarantee of the Artisans' Credit Guarantee Co-operatives and in this way make them available to a larger group. These credits will be guaranted in order of priority to those engaged in small industries, and small industry groups. The new funds to be made available to the People's Bank will be used exclusively as credits for small scale industries.

(2) In the raising of small industry credits it will also be necessary to raise contributions and deposits by this class to the Artisans' Credit Guarantee Co-operatives and to the People's Bank. The necessary steps will be taken by the People's Bank.

g. Housing Credit

The housing credits of the Real Estate Credit Bank and of the Workers' Insurance will be devoted the construction of dwellings of a popular and functional type. The Real Estate and Credit Bank will take steps to ensure that existing contracts on savings for construction are adhered to in conformity with this principle.

PRICE POLICY

1. INTRODUCTION

It is an accepted principle in the plan that prices should generally by freely determined within the economy through the mechanism of the market. Within this concept, stabilizing the level of prices is of great importance for the continuity of economic growth and for the realization of employment and income distribution goals.

Prices have been rising rather rapidly in recent years in European countries with which Turkey has close economic ties and in those of the Common Market in particular; the attention of their governments and of international organizations has been turned primarily to price movements. In the same way, price movements in Turkey should be followed closely and timely and effective economic measures related to price policy should be taken.

As stated in Part I on developments in Turkey's economy, prices have also tended to show a fairly substantial increase in Turkey. Thus the 2.7 per cent rise in wholesale prices in 1961 reached 5.7 in 1962 and 4.6 in the first half of 1963.

2. MEASURES TO BE TAKEN IN 1964

Budgetary, monetary-credit and other measures affecting prices are shown in the relative sections. In the following paragraphs stress will be laid on measures related to such factors as demand and costs, which have a direct influence on prices.

a. Measures Related to Demand

(1) The most effective remedy for such price increases as may arise in certain commodity groups from excess demand is to increase production. In dealing with price increases, this will be the general policy to be followed.

(2) In order to discrupt the general equilibrium of prices the excess demand which cannot be met internally in the short run will be met by imports. This will however be resourted to only in cases of extreme urgency.

(3) Care will be taken to inform the private and public sectors of demand projections established on scientific lines, so that timely measures may be taken at production level to meet rising demand and thus prevent price increases related to demand.

b. Measures Related to Costs

(1) Price increases related to costs are significant for the economy, though not to the same degree as those related to demand. In particular the rights derived from the commercial laws which became effective in 1963 may easilv iead the economy to an inflationary spiral of wages and prices if they are applied indiscriminately and without sufficient foresight. That wages must not increase faster than productivity is a generally accepted principle which should be kept in mind in collective agreements.

(2) Some commodities, particularly those manufactured by certain public enterprises, have undeniably high production costs. This is due largely to organizational defects and unduly high administrative expenses. Remedial measures will be given prime consideration in studies on the reorganization of State Economic Enterprises.

(3) In most cases, demands for wage increases are related to the prices of such wage goods as foodstuffs, textiles, and housing. Stress will therefore be laid in 1964 on economic measures designed to prevent increases in the prices of wage goods.

(4) In order to reduce the distribution margin between producer and cosumer prices of agricultural products and foodstuffs, to bring producer

and consumer prices closer together and ensure remunerative producer prices, the establishment of producers' and consumers' cooperatives will be encouraged.

c. Measures to Regulate the Market

(1) As prices will be allowed to form freely on the market, price ceilings and similar restrictions will not be Imposed.

(2) In principle regulatory purchases will not be made, save in cases of necessity, e. g. where agricultural producers may be supported by so doing without imposing a burden on the budget.

In any intervention purchases to be made, the plan principle of encouraging co-operative formations will be kept in mind.

(3) In the purchases of export commodities by public enterprises and producers' associations, the prices paid will conform to those on world markets and pricing policies which might have the effect of narrowing export possibilities will not be pursued.

CAPITAL MARKET

1. PRESENT SITUATION

It cannot be said that in Turkey the capital market (which in its wider sense can be termed the intermediary between savings and investments) is established and operating on the lines required by a developing economy.

The existence of a reliable, stable and extensive capital market which can channel real savings rapidly and without too many intermediaries to would-be investors or investing societies is of great importance for the economy. The measures taken to regulate the capital market and other economic measures, should be consistent, and the former should be considered an integral part of the general policy framed in accrodance with the long-term objectives of the Development Plan.

In view of the importance of the subject, studies on the present state of the capital market and by the reorganization measures to be taken were instituted in 1963 by a group of experts and scientists working in collaboration with the State Planning Organization, the Industrial Development Bank and the Union of Chambers of Commerce and Industry. According to the preliminary results of these studies, the present state of the capital market can be summarized as follows.

a. Private investments are generally financed either directly or through the channels of commercial banks by savings generated within the sector (in some cases within the family).

b. The choice of assets which can be held by the average citizen is extremely limited. A part from durable consumer goods and gold, individuals who have no direct ownership ties with an enterprise can hold their wealth or other savings only in the form of money, deposits or real estate. The distribution of private savings in terms of these assets in the last few years is shown in Table 169.

Form of Ownership of Private Savings

TABLE : 169 *(Per cent)*

	1950 - 1960	1958 - 1960	1960
Currency	17	10	15
Deposits	24	20	12
Real estate	59	70	—73
Total	**100**	**100**	**100**

It is obvious that money and even deposits are held for liquid requirements The only productive investment field for persons who do not own an enterprise is therefore that of real estate purchasing. This is borne out by the above figures, which show a high rate of private savings investment in real estate in recent years.

c. A major part of long-term funds, the most important of which are those held by the Pension Fund, the Workers' Insurance, the Mortgage and Credit Fund and counterpart funds, are devoted to the public sector. The funds accumulated in private life insurance companies are negligible.

d. Apart from the funds devoted of the public sector as a result of the legislation on, or the customary practises of such compulsory insurances as the Pension Fund and Workers' Insurance, alternative methods of investment do not fully accord with the postulates of economic development. Investing long-term funds in real estate entails losses from the point of view of economic efficiency and reduces the funds which would permit the formation of a capital market.

e. In order to achieve public expenditure targets, the government must be able to have recourse to a wide variety of funds. In view of the fact that normal public revenue is insufficient and that tax returns in particular do not reach the desired level or degree of flexibility, recourse to such a method is necessary in order to meet the financing needs of the public sector; but this in turn makes it more difficult to establish a brisk capital market, as the funds which would otherwise sustain the capital market are thus reduce and the limited means of credit available are diverted into fields where interest rates cannot be controlled an upper ceilings cannot be enforced. The high interest rates prevailing in marginal markets are an obstacle to the development of a capital market. It is evident that, in order to solve this aspect of the problem, tax revenues must be raised to a level and degree of elasticity sufficient to meet expenditure targets.

f. The establishment of limited liability companies issuing shares and bonds on the capital market is not only a long and expensive process, but no effective supervision, and consequently no wide spread confidence in these companies can be built up.

Certain important steps forward were taken in 1963 in the organization of a capital market. A bill on the State Investment Bank, for the financing of industry in the public sector, was prepared. The Industrial Investment and Credit Bank was set up to support industrial investments in the private sector and preparations for the setting-up of a Mining Development Bank were completed. These measures, however, are not considered sufficient for the final establishment and development of a capital market.

2 MEASURES TO BE TAKEN IN 1964

On the basis of studies carried ont in 1963 on the reorganization of the capital market, the following measures have been proposed.

a. Interest rates in connection with the Capital Market

The rate of interest paid today on short-term credits in the market amounts, with the addition of expenses charged under various accounts, to as much as 18 - 20 per cent. Only very distant relationships, if any exist among the interest rates appplied to various credits. In the studies devoted to interest rates, therefore, as part of the measures forecast in connection with credit policy, consideration will be given to setting up an interest and credit pattern which will comply the requirements of a capital market.

b. The Capital Market and Price Stability

So long as price stability is not assured and so long as confidence in the future is not instilled, the development of a capital market and the rationalization of financing procedures will not be possible. In the same way the development of a voluntary scheme of life insurance cannot be expected in a country where prices show a steadily rising trend. The principle of price stability adopted in the plan and which is stressed in various sections of the 1964 program will have a positive effect on the development of a capital market.

c. Long - Term Credit and Investment Institutions

There is a need for institutions which will finance industry specifically by issuing or guaranteeing shares and bonds. While encouragement will be given in 1964 to the development of existing capital market institutions, efforts will also be made to set up new investment banks granting long-term credit in the fields where requirements exist .

d. Real Capital Stock Corporations

Securing long-term capital funds is not enough for the establishment of a capital market. The existence of movable assets which can be purchased with these funds is also necessary. Therefore the establishment of real capital stock corporations, with due consideration for the subjects mentioned below, will be encouraged on a large scale.

(1) Modifications aimed at encouraging the setting-up of corporations will be made in Turkish Commercial Law concerning the following : establish-

ment procedures of limited liability companies; the minimum vlaue of shares; the supervision of activities; the system of promissory capital; and the issue of convertible bonds.

(2) In the studies on tax reform, account will be taken of measures which would assure the development of the capital market and encourage investment by limited liability companies.

e. Duties and Fees

In the process of setting up a limited liability company today, duties and fees of almost 2.5 per cent have to be paid; this means that the duties and fees paid on the initial establishment of corporations with large capital account for substantial sums; this is one of the reason by limited liability companies are formed in most cases with restricted capital. Simplification inaugural formalities for limited liability companies, if necessary by modifying the Law on Stemp Duties, will represent an attempt at reducing the establishment expenses of these companies.

f. Certified Public Accountants

The enactment of the bill on Certified Public Accountants which appears in the section on tax reform and has been the subject of prolonged studies is considered an important measure for permitting effective supervision of limited liability companies and broadening public participation in these companies.

g. Import Allocations

The present system of industrialists' import quotas is not sufficient inducement to entrepreneurs who wish to enter new branches of industry. In the determining and allocation of industrialists' import quotas, account will be taken of newly formed limited liability corporations with a view to encouraging the development of the capital market.

h. Savings Bonds

An endeavor will be made to prevent the sale of saving bonds, which was observed to have far-reaching adverse effects on the capital market, and to make use of these bonds in establishing a capital market and accustuming owners of small to buy shares.

i. Bonus Utilization

Studies and experiments will be carried out with the object of ensuring that at least a proportion of the bonuses offered by banks is awarted in the form of shares and for the education of owners of savings in this field.

REORGANIZATION

Reorganization measures will be of importance in implementation and in attaining plan and program targets. The economic, social and administrative measures envisaged in the plan are generally stated in the relevant sections. In conformity with the procedure adopted in the plan and the 1963 program therefore, only measures relating to the overall implementation of the plan and program will be considered here.

REORGANIZATION OF ADMINISTRATION

The need to reorganize the administration so as to introduce dynamism, competence, harmony and rationalization into the agencies public services was felt at the preparatory stage of the plan and the 1962 transitional program, and gave rise to a survey of the central administration. This survey was concluded and its conclusions submitted to the government in mid - 1963.

As a continuation of this survey, the following studies will be conduced in 1964 :

1. The survey of local administration scheduled to commerce in 1963 will be completed and the main lines of the reforms to be carried out will be defined.

2. The agency which is to be responsible for effecting reorganization will be appointed. After this agency has carried out complementary studies on the earlier report, it will begin to put into practice stage by stage and with the help of the departments concerned the reforms affecting the vital questions of organizational structure and personnel.

Problems Relating to Organizational Structure.

a. A new system will be established by which confusion of authority and responsibility among various agencies will be eliminated and under they will co-operate as units.

b. The legal statutes of departments and agencies and the authorities to which they will be responsible will be drawn up on a new basis, so as to ensure that they perform their true services in the most efficient manner.

c. The working methods and prodecures common to all departments and agencies with a view to achieving greater speed and efficiency.

REORGANIZATION OF STATE ECONOMIC ENTERPRISES

The result of prolonged studies in this field are available. The laws concerning institutions and share ownerships of State Economic Enterprises and the State Investment Bank, which were formulated in the 1963 program seem likely to receive parliamentary assent and come into effect. These laws will define the general administrative and financial rules which will govern the enterprises. At the next stage, the enterprises will themselves be responsible for eliminating after a thorough study the various deficiencies in their systems attributable to establishment or operational causes, and for carrying out internal reforms. State Economic Enterprises should accelerate and complete their studies in this sector. The Reorganization Committee of State Economic Enterprises will, with the help of Turkish and foreign experts, supply guidance for studies on internal reforms.

The object of this reorganization is essentially to set up enterprises enjoying a greater degree of autonomy, operated for profit and on efficient lines, and thus to generate larger investment resources. The above-mentioned law stipulates in addition that those enterprises which are not in a position to realize these aims consistently will not be set up as State Economic Enterprises.

The implementation of the legal measures mentioned above, and the comprehensive solution at a later stage of the question of personnel will no doubt be instrumental in remaining many of the difficulties confronting the State Economic Enterprises today. It should however be stated that organizational measures alone will not be enough to enable these enterprises to fulfil the tasks expected of them within the plan period and to achieve better and more positive results. The really important fact is that internal reforms should be carried out and that people bearing responsibilities in the conduct of operations, particularly at executive and managerial level, should demostrate the attitudes and behavior required by the new system.

The increase in the funds of State Economic Enterprises, which constitute on the most important means of development, and the realization of their investments at the right time and in the right way are essential for attaining the rate of growth specified in the plan. The activities of the executive and managerial personnel of these enterprises should therefore be conducted within this framework; consistency of decisions, co-operation and collaboration among enterprises are also necessary.

1964 will be the first year of implementation, after the principles of reorganization have been enacted. Initial implementation and in particular the conformity of managerial behavior to reorganization principles are important and should be regarded as an opportunity not to be lost. The legal measures enacted would otherwise not be sufficient to improve the position of State Economic Enterprises and to provide a new environment for them. With this object in view :

1. Within the mixed system of economy in force, State Economic Enterprises should function side by side and under the same competitive conditions as the private sector. This principle should be taken essentially to mean that State Economic Enterprises, determining their conduct of operations freely and organized so as to take rapid decisions, will compete with the private sector under conditions of equality. It is necessary, however, that State Economic Enterprises should take advantage of these conditions for the right purpose and sohuld apply working methods which take reorganization principles into account.

2. The aim will be to give State Economic Enterprises a financial structure which is devoid of operating deficits and to raise the productivity of the resources proper to these enterprises. The enterprises will conduct their operations according to these principles.

3. The enterprises will themselves determine the price of the goods they produce. Price will be fixed with a view to profitability and to creating maximum investment resources, while taking into account the fact that price

increases alone will not secure maximum resources and that cost-reducing measures must also be taken. The full and most efficient utilization of installed capacity will also be a primary objective.

4. General directors and administrative boards will have full responsibility over management. These powers and responsibilities will be used to improve operations and speed decision inefficiency and delays will be eliminated.

5. Only in cases clearly foreseen in the law will the enterprises consult the ministries to which they are attached to obtain permission and approval.

6. State Economic Enterprises will be supervised by the government on the basis of interim and final progress reports showing how far they are applying principles of profitability and efficiency and generating higher investment resources.

7. Personnel policy will be formulated on new lines : appointments will be made according to ability and the most competant people will be placed in positions of authority and responsibility. The criteria relating to grades will be determined for all the enterprises within the framework of the grading principles to be defined by the State Personnel Department. In addition, the rules to be observed in recruitment, dismissal, training, advancement and similar procedures will be specified by State Economic Enterprises according to the characteristics of the position occupied, and within the framework of the principles determined under the new regime for application to State Employees. Close co-operation will be established with the State Personnel Department.

8. Enterprises engaged in the same field of activities will be unified to form a single organization; in this way co-ordination and co-operation between enterprises will be more easily ensured and will be more efficient.

9 The same principles will apply to participation by the State Economic Enterprises in other concerns.

LAND REFORM

Land reform is one of the reforms foreseen by the Development Plan.

Land reform, conceived as the establishment of a more balanced distribution of landownership and of a more efficient farming system, emerges as a prerequest for developing countries. It is indeed necessary to raise agricultural incomes in order to assure markets for growing industrial production, to expand farm production in order to feed the growing urban population attendant upon industrialization, and to increase agricultural exports in order to earn the foreign exchange which will meet machinery and equipment imports. In view of these problems, land reform may be regarded as a process which should lead to the land tenure system best designed to raise agricultural yields. In addition to this there are social reasons for carrying out a land reform, such as community development, the need to keep migration to cities at the desired level, and the desirability of removing the disadvantages attaching to very small holdings.

Law No. 4653 on the Redistribution of Land to Farmers issued in 1945 with the object of meeting the need for a land reform did not cover all the aspects of the problem. The large land reserves owned and administered by the State in countries which have implemented successful land reforms were the reason for the speedy realization of land reform in those countries within the time limits envisaged. In the implementation of the Law on the Redistribution of Land to Farmers, however, the matter was conceived as being one of the redistribution of Treasury lands, and the State reserves were seriously depleted. A further obstacle impeding the work undertaken in connection with land reform is the lack of basic data. The 1950 agricultural census and the results of the enquiry conducted in autumn 1952 are the only information available up to now. This census and enquiry which did not fully meet needs even at the time they were prepared have inevitably lost much of their use after the lapse of a period of ten years. The situation has further deteriorated today in the insufficient level of employment created in non-farm sectors for the absorption of the underemployed in agriculture, of land fragmentation, and of the increase in the number of small holdings. If the 1963 agricultural census may be relied on for accurate basic data, it will be possible to assess developments in the ten-year interval and to undertake land reform work on a more realistic basis.

The types of land reform forecast in the plan, which should have been introduced in 1963 were stated in the annual program. The fact, however, that the work preparatory to land reform could not be concluded in time has held up the introduction of the program measures mentioned above within the appointed time. In particular, the central and provincial organization responsible for carrying out the reform could not be set up in the first half of 1963. It is therefore considered necessary to intensify the work under way in 1964 and to proceed in accordance with the measures below.

1. MEASURES RELATING TO ORGANIZATION

a. The organization which will be responsible for giving effect to the provisions of the future Land Reform Law and for assuring coordination among the different departments and agencies will be formed under a special law to be promulgated.

b. The above bill and the Land Reform Bill will be enacted concurrently.

c. Regional implementing units will be set up.

d. A research department will be set up under the organization responsible for carrying out land reform work. This department will collect the information needed for evaluation purposes and will continuelly observe and appraise implementation.

The Research Department will in particular investigate obstacles to th desired reforms and methods of overcoming them, and will make recommendations and report to the organization on the following : the regulation an improvement of relations between implementing agencies and villagers; the size of holdings; the distribution of ownership; the number of landless farmers; and other regional characteristics in the area of physical and socio-economic conditions.

e. Special courts will be set up in the regions to be declared reform regions to arbitrate as soon as possible in land disputes in those regions.

2. STATUTORY MEASURES

a. Any legislation impeding or conflicting with land reform will be repealed or amended in conformity with land reform principles. Once all available arable land is under cultivation, further increase of output can be achieved only by intensive methods of farming. In the initial years of instensive farming methods, production costs will inevitably rise. Higher agricultural income on the other hand will lead in certain cases to the abandonment of traditional cultivation in favor of new crops. This also entails a certain initial outlay on training and equipment which will have the effect of raising costs. The high cost of inputs used in intensive farming, such as fertilizers, fuel, construction and electricity makes it necessary to revise existing legislation on long and short-term agricultural credits with regard to repayment terms and interest rates.

b. Measures will be taken to encourage expropriated land-owners to invest the indemnities will be paid in conformity with the principles of the plan.

STUDIES ON TAX REFORM

In order to ensure the full financing of the plan as well as the principle of social justice and the application of certain projected sectoral measures, tax reform studies already in progress must continue.

Taxation is an institution with financial, economic and social repercussions, which has to be continually modified even in advanced countries to suit the economic character of the society and social conditions. In a developing country like Turkey, it is clear that the tax system must be continually adopted to changing conditions. Therefore it is necessary to go beyond the partial application of the conclusion of recent studies and to continue this work in 1964, with particular stress on the following aspects :

1. MEASURES TO ENSURE THAT TAXES ARE FULLY COLLECTED

It must be admitted that considerable tax losses are sustained in Turkey, through incomplete payment or collection of dues and that this reduces tax receipts, violates fiscal justice and disturbs competition to the detriment of conscientious taxpayers. Priority must therefore be given to measures which will ensure the prevention of tax evasion and that the taxes visualized in fiscal legislation are paid in full.

The changes to be introduced in tax methods should be conceived as measures which will have the effect of assuring fiscal justice while at the same time creating appreciable financing resources.

a. Many of the deficiencies in the tax system are due to the fact that financial jurisdiction and the related procedural provisions have not been able to keep pace with changes in the financial, economic, social and cultural fields. A form of financial jurisdiction able to function with desirable swiftness in tax matters will therefore be set up.

b. Under the tax code in force, the burden of proof is laid in every case on the administration, even to the extent that in a clear-cut case of evasion, the tax rate assessed may have to be substantiated by the administration. The administration has to answer in writing the verbal declarations of taxpayers. The effects of this become evident in the light of the relatively low number of cases in which declarations are aquired and examined. This aspect of the procedural code will be revised.

It is essential that taxpayers substantiate their tax declarations. Direct tax imposition by fiscal authorities, applied in cases where declaration cannot be substantiated far from being a penalty, has become under present conditions a procedure which makes it possible for taxpayers who do not fulfil their legal obligations by evading payment of dues to pay less taxes and to secure long periods of deferment. The practice of direct tax imposition will be revised within the context of procedural modifications so as to remove these disadvantages.

c. Owing to deficiencies in the procedural code, the verification tax statements is a lengthy process, and it is often impossible to obtain evidence after a lapse of one or two years.

Tax statements will be verified within the term of taxation and results will be entered against of statements. It will thus be possible for the present number of tax inspectors to deal with three or four times as many statements.

d. It is also important that the full amount of taxes assessed be collected. To achieve this, the structure of tax departments will have to be reviewed and their personnel reinforced and better remunerated. Tax levies should be deferred only in cases where the taxpayer has been compelled to suspend financial activities.

e. Certified public accountants should be appointed as soon as possible. This will meet a need widely felt by taxpayers and will at the same time assist the administration in verifying tax declarations.

f The system of paying taxes in lump sums will be gradually brought within narrower limits and assessment of lump sums for this purpose will be closer to real tax bases and incomes.

2. MEASURES TO RAISE TAX RESOURCES AND SECTORAL FISCAL MEASURES

Preliminary implementation results in 1963 have shown the need for further tax studies in relation to the financing of the plan.

The following measures are therefore required :

a. The methods of defining the limits of agricultural tax exemptions, the size of holdings, the amount of annual sales, and receipts and expenses will be reviewed in the light of preliminary implementation results and taxable incomes will be more closely related to real incomes.

b. In order to halt the fierce competition prevailing both within the road transport sector and in the general field of transport, road, rail, and maritime and also to ensure that road users contribute on a reasonable scale to the maintenance and depreciation expenses of the highway network, consideration will be given to a method of taxing road transport which will not be too difficult to apply.

c. There are inconsistencies in the levels of the custom duties at present in force, certain of these duties being very low. This raises the demand for imports and prevent the development of domestic industry. Adjustments in this field will create sources of additional revenue.

OTHER REORGANIZATION MEASURES APPLLYING TO THE PUBLIC SECTOR AS A WHOLE

1. PERSONNEL PROBLEMS

a. The State Personnel Department is working on the reform and scaling to present-day needs of the statutes governing personnel employed in departments discharging public services and in State Economic Enterprises.

In the studies pursued by this Department up to the middle of 1963, the principles relating to the recruitment, graiding, training, and personnel rights and fringe benefits of employees were formulated Decree no. 6/1701 promulgated by the Council of Ministers was published in the Official Gazette of 21st May 1963. It is expected that the Personnel Law, which will be founded on these principles and will certain provisions applying to all personnel working in the public sector will become effective early in 1964. The individual legal status of officials and employees, temporary, contractual, and daily, will be determined according to the general criteria to be defined in this law so as to apply uniformly to all personnel in the various organizations of the public sector.

Personnel rights, inclusive of fringe benefits, and the salaries of personnel employed in (1) the central administration, (2) local administration, and (3) State Economic Enterprises will be considered and determined separately but without violating general grading rules.

The above program cannot yet be realized, but a scheme which will meet present requirements cannot be outlined without a survey to determine precisely the number, qualifications, salary levels and social rights of the personnel at present employed in the public sector.

This census begun in the second half of 1963, will be completed with all possible speed. The State Personnel Department will be assisted in this work primarily by the Statistics Institute and by the relevant departments and organizations. If necessary foreign experts will be called in to help evaluate the information obtained and to arrive at practical assessments.

b. The following measures affecting public servants are proposed for 1964 :

(1) There is imbalance in the present distribution of those employed in the public sector in that whilst some departments and organizational sub-units are overstaffed and contain redundant personnel, others are understaffed and conseqently lacking in functional efficiency. In order to remedy this, the possibility of transferring surplus employees from overstaffed services to departments newly formed or about to be opened will be considered before additional personnel are employed.

Studies leading to proposals will be instututed immediately by the State Personnel Departments and the Ministry of Finance working in collaboration. The State Plannig Organization will participate in these studies as an observer.

(2) Measures will be taken to ensure that employees at present engaged in other services who they have graduated from teacher-training colleges return to the teaching profession. Studies will also be conducted examine whether surplus personnel in certain organizations can be transferred to educational services, and those selected will be given appropriate training.

(3) Many organizations contain redundant officials whose competence is not clearly defined. The necessary decisions to redress this will be taken and applied.

(4) In service training programs will be prepared and will be launched to train medium and low grade personnel employed in the public sector.

(5) In applying the grading system adopted as one of the principles for the new personnel regime, difficulties may be encountered in adopting t the new status the personal rights, etc. of certain officials who are in th upper grades merely because of seniority; the principles to be followed i dealing with these cases will be determined and effectively applied.

(6) Certain specific criteria must apply to the promotion and transfe of those employed in under-developed regions. In view of the desirability o employing competent people and of improving the efficiency of services i those regions, it will be necessary to award such appointments on a norm basis and to discontinue the basis of penalization.

(7) Under the personnel policy to be followed in compliance with th plan principles, special significance attaches to certain problems relating t technical personnel. The training of sufficient numbers of capable technic personnel depens largely on the realization of measures proposed in the pl in relation to employment and education. Problems presenting serious diffi enties in 1964 are the following :

(a) The central organizations of investment - making departmen employ more technical personnel than required. The fact that investments o be carried out only within the time limits prescribed and reach the quality desired only if the personnel of provincial organizations are reinforced will be kept in mind and given priority in appointments.

(b) The capacity for higher-level technical personnel of departments undertaking construction will be assessed and better use will be made of any idle capacity.

(c) Technical appointments will be reorganized, and any technical personnel working in administrative services will be shifted back to technical services.

(d) Consultant and similar positions which attract many technical personnel under current conditions and lead to overstaffing will shortly be reviewed by the State Personnel Department and the functions of these consultants will be newly determined.

2. PROBLEMS OF EFFICIENCY IN PUBLIC AGENCIES

In order to improve the efficiency of public agencies and utilize existing capacity more fully, working methods must be revised on the basis of a new understanding and order, and certain current expenses under various accounts must be either restricted or eliminated entirely.

Measures recommended in this context for 1964 are the following :

a. Office Hours

The system of organization and the personnel policy adopted dearly have a wide influence on the proper performance of public services. However the obstacles and difficulties encoutered in achieving the public investment targets of annual programs stem from these and other causes. Office hours are also too short and work output is not equal to current requirements.

It is clear that developing countries such as Turkey must increase hours of work to a level comparable with that of more advanced countries, where the working week of civil servants for example, is 40 - 44 hours.

Under article 51 of Law no. 788 on Public Employment, the Council of Ministers is empowered to set daily working hours at between 6 and 8. The following measures will accordingly be taken in 1964 with regard to working conditions in the public sector :

(1) Weekly working hours will be raised to at least 40. At the same time the efficiency of administrations will be improved by measures to reduce red-tape. Importance will be attached to in-service training.

(2) Office hours will take the seasonal and climatic variations of the particular region into account.

(3) The fact that all public offices observe the same times of opening and closing creates difficulties in large cities; as a result many public agencies operate private buses for their employees and for services within the city. These vehicles which are for the exclusive purpose of transporting emplo-

yees to and from their work lead to idle capacity and waste. In view of this, the opening and closing hours of public agencies will be staggered while those which are in the same group of services will continue to open and close at the same time.

b. Annual Leave

Annual leaves are a necessity and have the effect of raising efficiency. The granting of annual leaves to all those employed in public service will therefore be a recognized principle. Application of this principle should not however disturb or hold up the normal conduct of activities.

With a view to ensuring that work is performed in time and is of the desired standard during the plan period, certain new methods will have to be applied in programming annual leaves. Some of the difficulties encountered in the implementation of the 1963 program were due to the fact that annual leave in all departments and agencies was granted in certain specified months. Delays arise and working programs are held up because personnel, especially those in responsible positions, go on leave in the summer months in which investment activities and field work are at their highest.

The following points must be strictly observed in granting annual leave to personnel employed in the public sector.

(1) Annual leave will not be granted in the construction season to the personnel in investment-making departments, especially those in responsible positions. The annual leaves of other personnel will be staggered throughout the year so as not to hold up services.

(2) In other departments and organizations, those who have executive or managerial responsibilities will not take their leaves at times when there is heavy pressure of work.

c. Measures Relating to Certain Kinds of Current Expenditures

The Development Plan proposes, in order to channel larger resources to investment, to limit the growth of current expenditure other than that relating to certain public services. It is has been observed that certain public agencies, taking advantage of loop-holes in the legal provisions in force and in certain cases interpreting them in a manner in consistent with the goals pursued, follow a course which cannot be reconciled with the expenditure policy of the plan and accordingly impose on the State a financial burden which grows from year to year. Apart from its financial disadvantages, this sitution also has the effect of impeding balanced distribution among enterprises of the personnel employed in the public sector in that departments which are unable to secure certain social-service benefits for their employees suffer from shortage of personnel. It is therefore necessary, in order to prevent waste of public revenue and on the other to relieve a situation in which only a proportion of governmental employees enjoy special advantages, to take certain measures and to apply them effectively. Such measures are as follows :

(1) Public organizations should not operate private buses. Under Transport Law No. 237, public enterprises are allowed to operate private vehicles only in the following cases :

(a) When places of work are situated at a distance from cities and towns, railway stations, and State or munilipal transport connections;

(b) When places of work, although situated within city or town boundaries, lie at some distance from railway and bus routes or are not served by such means of transport as enjoy prescribed tariffs;

(c) When transport enjoying prescribed tariffs offer employees no punctual connections in large urban centers where governmental departments are concentrated.

Many departments and establishments operate their own city buses. After the staggering or working hours in large cities has been carried out, there will no longer be any reason for the operation of such transport. In view of this :

(i) In cities and towns where public transport faciltiies exist, public organizations will not operate buses. If necessary the laws in force will be modified to ensure this. Until however the Ministrial Decree relating to the staggering of working hours is promulgated, public organizations will be allowed under Article 7 of Law No. 237 to operate buses in cases where it has been demonstrated that municipal transport services and of other agencies operating regular services at prescribed rates are inadequate.

(ii) Passenger transport and maintenance services owned and operated in urban districts by public establishments will be transferred to municipalities at the recorded sale prices through the channels of the State Supplies Office. Those not purchased by municipalities will be sold by auction.

(2) Rest Camps and Similar Amenities.

The rest camps set up by some public organizations, especially by some State Economic Enterprises, impose financial burdens on their budgets. In view of the fact that not all personnel can benefit from these facilities, it follows that special conditions offering financial advantages are enjoyed by certain privileged personnel only. In order to remove this discrimination and moderate the unnecessary extravegance of certain enterprises in this field, the following measures are envisaged.

(a) Apart from the legal obligations enjoined upon them, public establishments will not in future contribute in any way to the establishment and operating expenses of these facilities.

(b) Personnel benefiting from rest facilities will pay the full cost of services, and public establishments will not contribute any kind of material assistance.

(c) The use of public assets for the establishment and operation of such facilities will not be authorized. The necessary equipment for these facilities will be provided from non-governmental sources by the beneficiaries.

FOREIGN ECONOMIC RELATIONS

1. PRESENT SITUATION

Our present policy in and the state of our foreign economic relations is briefly explained below :

a. Import Policy

(1) Imports are based on a quota system and progress towards the liberalization of imports has been achieved, since August 4, 1958, when the stabilization program was put into effect.

(2) Imports from EMA and the free currency area are effected under the liberalization list and the list of commodities subject to allocation. The former is arranged annually and the latter half - yearly.

Imports from countries with which Turkey has bilateral trade and payment agreements are effected according to the relative agreements and attached quota lists, which are revised every year.

(3) According to 1962 actual imports the liberalization list represents 51 per cent of Turkey's normal imports from the free area. The list of commodities subject to allocation covers 24,5 per cent of normal imports excluding imports of U.S. agricultural surplus commodities. Imports from the bilateral agreement countries cover 10 per cent of our total imports.

(4) Apart from the imports made through the three channels mentioned above, there are NATO infrastructure and off-shore imports, imports related to private foreign capital, and special investment credits such as AID (DLF), Eximbank, IBRD, IDA, and imports of surplus commodities (whaet, soya bean oil, cotton seed oil, etc.).

The share of surplus commodities within our total imports is around 10 per cent and the share of other imports, considered outside the normal import programs, is about 20 per cent.

(5) The breakdown of our annual imports by utilization sectors is as follows :

Imports by Utilization Sector

TABLE : 170

	1960		1961		1962	
	Mill. $	%	Mill. $	%	Mill. $	%
Investment goods	191.4	40.9	185.3	36.4	228.2	36,7
Raw materials	217.6	46.5	207.9	40,8	291.5	46,8
Consumption goods	59.2	12,6	116.3	22,8	102.5	16,5
Total	**468.2**	**100,0**	**509.5**	**100,0**	**622.2**	**100,0**

The liberalization list is composed of 70 per cent raw materials, 23 per cent investment goods and 7 per cent consumer goods. Within the list of commodities subject to allocation there are 43 per cent investment goods, 45 per cent raw materials and 12 per cent consumer goods.

(6) The breakdown of our yearly imports of industrial products, agricultural products and mining and quarrying products is shown in Table 171. As can be seen, more than 80 per cent of our total imports are industrial goods. The increase in mining and quarrying products in 1962 comes from crude oil imports.

Imports by Producing Sectors

TABLE : 171

	1960		1961		1962	
	Mill. $	%	Mill. $	%	Mill. $	%
Agricultural products	26.5	5,7	84.7	16,6	76.9	12,4
Mining and quarrying products	0.4	0,1	2.9	0,6	34.0	5,5
Industrial products	441.3	94,2	421.9	82.8	511.3	82,1
Total	**468.2**	**100,0**	**509.5**	**100,0**	**622.2**	**100,0**

(7) The regional distribution of our yearly imports is shown in Table 172.

Regional Distribution of Imports

TABLE : 172

	1960		1961		1962	
	Mill. $	%	Mill. $	%	Mill. $	%
1. OECD Countries	370.0	79,0	402.4	79,0	479.6	77,1
a. European Economic Community (Common Market)	166.9	35,6	165.7	32,5	188.1	30,2
b. European Free Trade Area	78.5	16,7	92.4	18,2	101.1	16,4
c. USA and Canada	120.9	25,8	140.7	27,6	181.6	29,2
d. Other OECD countries	3.7	0,9	3.6	0,7	7.8	1,3
2. Other free area imports	37.4	8,0	46.4	9,1	70.1	11,2
Total	**407.4**	**87,0**	**448.8**	**88,1**	**548.7**	**88,3**
Bilateral Agreement countries	60.8	13,0	60.7	11,9	72.5	11,7
Grand Total	**468.2**	**100,0**	**509.5**	**100,0**	**622.2**	**100,0**

(8) According to the 1959 - 1961 average the total value of annual imports corresponds to 9,1 per cent of the Gross National Product of Turkey and per capita imports are $ 17.3 approximately. In 1962 they increased to 10.2 per cent and $ 21.2, respectively. For 1963 it is predicted that these values will be around 9.7 per cent and $ 20.9.

b. Export Policy

(1) In principle exports are free, that is, there are no restrictions on exports other than a few items - corresponding to 1.5 per cent of total exports - the exports of which are permitted under to the licensing system.

Exports involving currencies other than dollar or convertible EMA currencies and exports to countries with which we have trade and payment agreements are also subject to licence. Exports of this type represent 10 per cent of total exports.

(2) In order to prevent artificial price fluctuations, some important export items have been subject to registration. These are hazelnuts, raisins, dried figs, pistachios, vegetable oils, cotton, mohair, and tobacco. These commodities represent 67 per cent of total exports. They can be exported subject to registration certificates approved by the competent authorities. All items subject to licensing are also subject to registration.

(3) Exports on a barter basis and tied transactions are not permitted. In order to support chromium ore exports, an exception is made in the case of triple barter transactions, which are permitted under a decree dated January 1963.

(4) The breakdown of our exports by producing sectors is shown in Table 173.

Breakdown of Exports by Producing Sectors

TABLE : 173

	1960		1961		1962	
	Mill. $	%	Mill. $	%	Mill. $	%
— Agricultural Products	237.9	74,2	274.1	79,1	296.1	77,7
a. Cereals, pulses and other good crops	14.5	4,5	14,7	4,3	6.6	1,7
b. Fruits and vegetables	78.6	24,5	73.3	21,1	91.8	24,1
c. Industrial crops and forestry products	119.0	37,1	150.5	43,4	163.5	42,9
d. Livestock, hunting and fishery products	25.8	8,1	35.6	10,3	34.2	9,0
— Mining and quarrying products	19.7	6,2	18.6	5,3	16.5	4,3
— Industrial products	63.1	19,6	54.0	15,6	68.6	18,0
Total	**320.7**	**100,0**	**346.7**	**100,0**	**381.2**	**100,0**

As can be seen, three quarters of our total exports are composed of agricultural products. A great many industrial products however are of an agricultural nature.

(5) The regional distribution of our exports is shown in Table 174.

TABLE : 174 **Regional Distribution of Exports**

	1960		1961		1962	
	Mill. $	%	Mill. $	%	Mill. $	%
OECD COUNTRIES	252.3	78,7	262.8	75,8	315.4	82,7
a. European Economic Community (Common Market)	107.4	33,5	128.5	37,1	154.2	40,4
b. European free trade area	54.5	17,0	61.9	17,8	73.4	19,3
c. America and Canada	59.1	18,4	65.8	19,4	75.8	19,9
d. Other OECD countries	10.4	3,2	6.6	1,9	12.0	3,1
Other free area Imports	31.3	9,8	36.1	10,4	28.8	7,6
Total free area imports	262.7	81,9	298.9	86,2	344.2	90,3
Bilateral agreement countries	58.0	18,1	47.8	13,8	37.0	9,7
Total	**320.7**	**100,0**	**346.7**	**100,0**	**381.2**	**100,0**

From these figures it is apparent that the greatest consumers of our exports are the common market countries.

(6) The total value of annual exports represents 6,4 per cent of the Gross National Product of Turkey, and per capita exports are around $ 12,2 according to the 1959 - 1961 average. For 1962 they were 6,2 per cent and $13 respectively. In 1963, these values are expected to be around 5,6 per cent and $ 12 respectively.

c. Invisible Items

Apart from the import and export items in trade balance, invisible items are important for the balance of current accounts. Payments related to invisible items are liberalized in general. Among the invisible items, figures for foreign debt interest payments are of particular significance. The net deficit of invisible items, including interest payments, is approximately 50 - 60 million dollars. Efforts are being made to promote tourism, with the specific object of reducing this deficit.

d. Infrastructure and Off Shore Receipts

Infrastructure and off-shore receipts are another important item in the balance of current accounts.

This item is composed of receipts for infrastructure investments and off-shore orders for weapons manufactures related to NATO.

e. Other Items in the Balance of Payments

Private foreign capital, American Aid (grants and credits related to AID, DLF and PL 480 assistance), other foreign capital movements (EMA, IMF, IBRD, IDA, Eximbank credits; credits provided by Germany, Italy and other consortium members), foreign debt payments (consolidated debts, government debts, payments for credit imports) are the principal items featuring among capital movements.

Foreign debt payments impose a heavy burden on our balance of pa ments. This item has increased to 144 million dollars in 1963.

2. PRINCIPAL PROBLEMS IN EXPORTS

Several factors have unfavourable effects on the growth of Turkey exports.

a. 80 per cent of our total exports are composed of agricultural product Great fluctuations in our exports occur as a result of their agricultural ch racter primarily as a result of changes in weather conditions and cro situations in other countries. This persistent instability increases the balanc of payments deficit and influences the whole economy.

b. The rapid growth of population - around 3 per cent - constantly incr ases domestic demand and leads to a drop in exports of cereals and other foo crops.

Further more the development of domestic industries increases domest demand for number of export items. Since a higher increase in product has not been achieved, exports of several items are decreasing in relat their production. An example is the decrease in exports of oil seeds and cotto

c. Income and price elasticities in the demand for Turkey's export good are generally low. Foreign demand is little affected by price changes; als increased incomes in buyer countries do not lead to any significant expansio in the volume of demand for our export goods.

Other factors such as innovations and fashion changes also affect th demand for our export goods and frequently impede the expansion of export These influence Turkey's cotton, tobacco and mohair exports.

d. In international trade there is a downward trend in the prices o primary commodities, though the prices of manufactured goods are on th increase. As a result of this tendency, the terms of trade operate against pr mary commodity exporting countries like Turkey. Indices relating to ou export commodity prices show that Turkey's foreign exchange earnings fro exports are in fact diminishing because of this tendency.

TABLE : 175 **Price Indices Relating to Exports**

Years	Indices (1953 = 100)
1951	118
1952	109 7
1953	100
1954	99 5
1955	111 2
1956	111 5
1957	102 6
1958	102 6
1959	87 9
1960	86 9
1961	86.3
1962	88.7

e. Turkey's foreign exchange earnings are diminishing in relation to the decrease in the prices of export commodities. Without such a decrease in prices Turkey's export earnings in 1962 would have been $ 429 million at 1953 prices, instead of $ 381 million.

Turkey's association with the European Economic Community (Common Market) will reduce such disadvantages.

f. The activities of various monopolies and cartels, which disturb competitive conditions in export markets, have adverse effects on the quantities and prices of export commodities.

The lack of a marketing organization is a further handicap to our exports.

3. BALANCE OF PAYMENT PROJECTIONS

In making projections for balance of payment items in 1964, sector requirements, resources and development prospects revealed by sector studies were taken into consideration and results adjusted in the light of global evaluations.

a. Import Projections

In forming estimates for imports in 1964, import items were examined in three main groups : capital goods, raw materials, and consumption goods; and the import requirements for each were studied separately.

The composition of imports in the last three years (1959-1961), which show a normal level, were compared with that of 1962 and 1963 imports. In addition to this, the factors interrelating imports, Gross National Product and investments were studied. Structural changes in the economy were also taken into consideration.

First, gross import requirements (excluding surplus commodities) were computed. Then import estimates of US surplus commodities were added to these amounts. Net import requirements were found after deducting the expected import substitution figures (import substitution and savings expected from future and existing investments) from the total gross amounts (shown above).

By this method, total imports for 1964 have been estimated at $ 640 million. It is expected that this volume of imports will be realized within a program of $ 680 million. For balance of payments purpose, only the actual import estimates, not the program estimate, should be taken into account.

(1) Capital Goods Import Projections

First the ratio between imports of capital goods and total yearly investment for the last four years was examined. The results are shown in Table 176.

As a result of these calculations, import investment requirements were assumed to be 33.1 per cent of total investments. The gross amount of capital goods import requirements for 1964 was calculated by applying this (33.1 per cent) coefficient to the yearly investment estimate.

TABLE : 176

Imports of Capital Goods

Years	Imports of Capital Goods Mill. $ (1)	Imports of Capital Goods Mill. TL. (a) (2)	Total Investments Mill. TL. (3)	As Percentage (2/3) (4)
1959	163.3	2.123	6.691	31.7
1960	191.4	2.488	7.516	33.1
1961	185.3	2.409	7.840	30,7
1962	228.2	2.967	8.096	36.6
1959 - 1962 Average	192.0	2.497	7.536	33.1

(a) At the rate of $ 1 - 13 TL., being the cost value of $ 1 worth of commodity after the payment of customs charges.

The total investment estimate for 1964 is 11.3 billion TL. Import requirements are : 11.3 x 33.1 per cent = 3.729 million TL. = $ 287 million (at the rate of $ 1 = 13 TL., this being the cost value of $ 1 worth of the commodity after payment of customs charges.)

After deducting the $ 7.0 million import substitution expected in 1964, from the $ 287 million import requirements of capital goods, there remains a figure of $ 280 million net import requirements. Import investment requirements indicated in the chapter on economic sectors in this Annual Program, are near the figure shown above. Net imports of capital goods for 1964 are therefore estimated at $ 280 million.

(2) Import Projections for Raw Materials

In making projections of raw material import requirements, expected developments and probable production increases in various sectors of the economy were taken into consideration. It was assumed that increasing import requirements of raw materials would parallel the rise in production.

Structural changes in the economy were also taken into account.

The average annual increase in production in the Five Year Development Plan are as follows :

Agriculture 4,7 per cent; mining 8,7 per cent; manufacturing industry 11,5 per cent; energy 12,8 per cent; transport 9,6 per cent; overall production increase 7,5 per cent. In the chapter on economic sectors yearly average production increase in the manufacturing industry is assumed to be 15 per cent. Raw material requirement take this ratio of 15 per cent into account and import estimates are formed accordingly.

(Million $)

Years	Imports of raw materials (excluding surplus commodities)
1959	213.2
1960	195.5
1961	201.6
1962	266.3
1959 - 1962 average	219.1
1963 estimate (revised)	257.0 (*)

(*) $ 20 million of imports due to the high amount of import permits given under the liberalization list at the end of 1962 are included in 1963 revised estimate. After deduction of this amount from the above figure, normal imports for 1963 can be accepted as $ 237 million. Original estimates for 1963 were in fact near that level.

By taking this figure as basis and making an addition of 15 per cent to it, gross import requirements for 1964 were determined and then, by deducting the expected amount of import substitution, net normal import requirements of raw materials for 1964 were calculated as follows :

	Million $
1963 estimate for normal imports of raw materials	237.0
15 per cent increase	35.5
Gross import requirements for 1964	272.5
Import Substitution	— 7.5
Net import requirements of raw materials	265.0

After adding to the normal import requirements of raw materials an estimated amount of $ 15 million for surplus commodities to be used as raw material (such as soya bean oil, cotton seed oil, corn, beef tallow, etc.), total import requirements of raw materials for 1964 are computed as $ 280.0 million.

(3) Consumer Goods Import Projections

As a first step the ratio of normal imports of consumer goods to gross national product was studied and the following figures were computed :

As can be seen from Table 177 the ratio between imports of consumer goods and gross national product is decreasing year by year. Besides import restrictions, import substitution due to developing domestic industries in particular petroleum refinerines, was a major contributory factor in this decline.

TABLE : 177 **Imports of Consumer Goods (1959 - 1963)**

Years	Gross National Product		Imports of Consumer Mill. $	% (3/2)
	Mill. TL.	Mill. $ (a)		
	(1)	(2)	(3)	(4)
1959	44.704	4.967	64.5	1.30
1960	48.963	5.440	59.2	1.09
1961	49.080	5.453	58.1	1.06
1962	54.900	6.100	50.6	0.83
1963 estimate (revised)	58.700	6.522	44.0	0.67

(a) At the rate of $ 1 = 9 TL.

(b) US surplus commodities excluded.

The ratio of 0,67 per cent for 1963 is taken as a basis for 1964 import estimation. By applying this ratio to the gross national product estimate for 1964, consumer goods import requirements are calculated as follows :

	Mill. TL.	Mill. $
Gross National Product	62.800	7.978
Gross import requirements of Consumer goods (0.67 per cent of GNP)		47
Import substitution expected in 1964		— 2
Net import requirements		45

By adding to the figure for normal import requirements of consumption goods an estimated amount of $ 35 million for surplus commodities ~~to~~ be used for consumption (such as wheat, soya bean oil, cotton seed oil), total consumption goods imports for 1964 are estimated at $ 80 million.

(4) Using the above method, the 1964 import estimates for capital goods raw materials and consumption goods were formed. The overall import situation for 1964 is as follows :

TABLE : 178 **Import Estimate for 1964** *(Million $)*

Explanation	Capital Goods	Raw Materials	Consumer Goods	Total
Normal Imports (gross)	287.0	272.5	47.0	606.5
Import Substitution	— 7.0	7.5	— 2.0	16.5
Net Normal Imports	**280.0**	**265.0**	**45.0**	**590.0**
Import of Surplus Commodities	—	15.0	35.0	50.0
Total annual imports	**280.0**	**280.0**	**80.0**	**640.0**

(5) Import Substitution

Supplementary measures necessary for the realization of expected import substitution will be indicated in the coming sections.

Estimates of the amount and sources of import substitution expected in 1964 are shown in Table 179.

Import Substitution Estimate for 1964 (a)

TABLE : 179 *(Million $)*

Description	Capital Goods	Raw Materials	Consumer Goods	Total
Extension of Karabuk steel mill	1.5	2.0	—	3.5
Artificial fertilizer factories	—	1.5	—	1.5
Tire and tube factories	—	1.5	0.5	2.0
Murgul sulphuric acid factory		0.5	—	0.5
Istanbul porcelain factory	—		1.2	1.2
Electrometallurgical industry	—	0.4		0.4
Assembly plants for trucks, buses and tractors	3.0			3.0
Others	2.5	1.6	0.3	4.4
Total	**7.0**	**7.5**	**2.0**	**16.5**

(a) The import substitution figures are computed according to actual imports in recent years.

b. Export Projections

Export estimates took the following data into account : developments in various economic sectors, production surpluses over domestic demand, marketing possibilities in foreign countries, income elasticity in the demand of purchasing countries, the position of competing countries, and probable developments.

Particular attention has been paid to increasing the production and the marketable surplus of promising commodities.

In the computation of export estimates by commodities, it was not possible to cover all export items. Important items were selected for this purpose, and the necessary studies of their production and export situation were carried out. The items considered were : Barley, lentils, huzelnuts, raisins, dried figs, oranges and tangerines, lemons, other citrous fruits, tobacco, cotton, livestock, (cattle, sheep goats) wool, mohair, fish, chromium ore, copper, cotton textiles, olive oil, and petroleum products (fuel oil, etc). First annual estimates pertaining to the various sectors were added, and thus total annual exports for 1964 were determined.

The breakdown of export projections by producing sectors is shown in Table 180.

TABLE : 180

1964 Export Projections

Commodities	Quantity (Tons)	Value ($ 1000)
1. Agricultural Products		**292.290**
a. Cereals, pulses, and other food crops		10.400
(1) Barley	60.000	2.400
(2) Lentils	30.000	3.000
(3) Others	—	5.000
b. Fruit and vegetables		95.190
(1) Hazelnuts	43.000	56.000
(2) Raisins	60.000	17.500
(3) Dried figs	32.000	6.500
(4) Oranges and tangerines	15.000	1.350
(5) Lemon	14.000	1.750
(6) Other citrous fruits	1.000	90
(7) Others	—	12.000
c. Industrial crops and forestry products		149.000
(1) Tobacco	60.000	84.000
(2) Cotton	100.000	60.000
(3) Others	—	5.000
d. Livestock, hunting and fishery products		**37.700**
(1) Cattle (live) head	150.000	8.000
(2) Sheep (live) head	650.000	9.000
(3) Goats (live) head	350.000	3.200
(4) Wool	5.000	3.500
(5) Mohair	5.000	8.000
(6) Fish (fresh)	9.000	2.500
(7) Others	—	3.500
2. Mining and Quarrying Products		**14.600**
a. Chromium ore	300.000	6.600
b. Others	—	8.000
3. Industrial Products		**68.320**
a. Copper (blister and electrolytic)	12.500	7.500
b. Cotton Textile	2.000	2.200
c. Fig Paste	8.000	1.100
d. Fish (salted, dried and smoked)	600	300
e. Olive oil	20.000	12.000
f. Petroleum Products	620.100	7.220
g. Others	—	38.00
Grand Total		**375.210**

c. Balance of Trade

When the above import and export estimates are combined, the following balance of trade figures are obtained :

	Million $
Imports	640.0
Exports	375.0
Deficit	265.0

Our exports can meet only 59 per cent of imports.

d Projection for Invisible Items

(1) The most important item in this group is tourism and travel receipts and expenditure. 1964 estimates for this item are as follows :

	Million $
Receipts	22
Expenditures	— 25
	— 3

In this developing sector the deficit figure is continually decreasing

(2) Other important items in invisible transactions are the following : freight, insurance premiums, professional fees, profit transfers, foreign debt interest payments, and receipts and expenditure of government agencies in foreign countrise. Estimates for these items took into account the present situation and probable developments, particularly the expected increase in profit transfers resulting from increasing foreign private investments and improved performance expected of our merchant marine in carrying our export and import commodities and in its increasing role in international transport.

For the above items the following estimates were formed for 1964 :

	Million $
Foreign debt interest payments	— 30.0
Profit transfers	— 12.0
Other invisibles (net)	— 10.0
Total	**— 52.0**

(3) A deficit of $ 55 million for all invisible items is obtained by combining the above estimates as follows :

	Million $
Foreign debt interest payments	— 30.0
Travel and Tourism receipts and expenditure (net)	— 3.0
Profit transfers	— 12.0
Other invisibles (net)	— 10.0
Grand Total	**— 55.0**

e. Projection for Infrastructure and Off-Shore Receipts

The last item in the balance of current accounts is infrastructure and off-shore receipts relating to NATO. Total receipts for infrastructure investments and off-shore orders for weapon manufactures are estimated at $ 40 million in 1964.

f. Balance of Current Accounts

The balance of current accounts consists of the balance of trade and the net deficit of invisible and infrastructure and off-shore receipts.

	Million $
Balance of Trade (net)	— 265
Invisible Items (net)	— 55
Infrastructure and off-shore receipts	+ 40
Deficit in the balance of current accounts	— 280

The deficit in the balance of current accounts in considered to be compensated by capital imports from foreign economies (foreign private capital and foreign aid).

g. Capital Movements

Estimates of capital movements in the balance of payments are explained below :

(1) Foreign Debt Payments

The total of Turkey's foreign debts, by December 31, 1963 is expected to be 1.281.6 million dollars, of which 295.7 million dollars will be payable in Turkish liras. Total instalment payment sfor these debts in 1964 is computed at 110 million dollars.

(2) Assistance in the Form of Agricultural Surplus Commodities

The total value of imports of surplus commodities arising from American aid sources is at the same time considered an income item in the balance of payments.

The value of this item for 1964 is estimated at 50 million dollars.

(3) Private Foreign Capital

The feasible volume of foreign private capital investment applications approved by the Foreign Capital Encouragement Committee, and the expected amount of incoming capital attracted by the petroleum companies under the Petroleum Law, it is expected that in 1964 the total influx of private capital will be $ 35 million.

(4) Available Residual Investment Credits

The value of the imports to be effected in 1964 within the framework of available credits for various investments is considered an income item in capital movements in the balance of payments. It is calculated that about 90 million dollars' worth of imports will be realized in 1964 relating to investment credits for specific projects financed from such channels as DLF (AID), Eximbank, IDA, etc.

This amount is indicated as a capital inflow as welle as an item included in the total yearly imports figure.

h. Balance of Payment Deficits

When the deficits of the current accounts and capital movements are combined and a sum of 35 million dollars for net errors, omissions and reserve movements is added, deficit of $ 250 million in the balance of payments which must be covered by securing foreign aid, is revealed, as follows :

Balance of Payments Projections for 1964

TABLE : 181 *(Million $)*

1. Current Transactions	
a. Foreign Trade	
(1) Imports	640
(2) Exports	375
Balance of Trade	—265
b. Invisible Items	
(1) Foreign debt interest payments	— 30
(2) Tourism and foreign travel (net)	— 3
(3) Profit transfers	— 12
(4) Other invisible items (net)	— 10
Invisible items (net)	— 55
c. Infrastructure and off-shore receipts	+ 40
Balance of Current Accounts	—280
2. Capital Movements	
a. Foreign debt payments	—110
b. AID surplus commodities assistance	50
c. Foreign private capital	35
d. Available investment credits (DLF), (AID), exim. bank, IDA, etc.)	90
e. Other capital movements (deficit)	—250
Total capital movements (net)	315
3. Net errors, omissions, and reserve movements	— 35

4. FOREIGN TRADE POLICY AND MEASURES TO BE TAKEN

a. General Principles

Imports of capital goods and raw materials are important factors in the realization of economic development. Foreign exchange earnings from exports and foreign aid should be increased in order to effect the necessary imports. In this respect, all the obstacles relating to exports should be removed and all kind of measures must be taken rapidly for the encouragement of exports.

In addition to that, utmost benefit should be secured from production possibilities of domestic industry, and import substitution must be realized as much as possible, in order to ensure foreign exchange savings.

With regard to this, necessary measures relating to both foreign trade policy and customs tariff must be taken, in order to protect newly established industries and to encourage investments.

Industrial branches that comply with the targets of the Plan will be protected. This protection policy will be applied in a dynamic way. The temporary character of the protection will be considered and it will be renoved when a manufacturing branch becomes able to operate competitively.

Complying with the targets above, it is necessary that the following measures in respect to foreign trade policy should be taken.

b. Measures Concerning Exports

(1) As a long-term solution for the continuous deterioration of export prices and terms of trade, it is necessary that the structure of exports should be changed. In this respect, priority should be given to the production and exportation of the commodities which have stable prices and are in strong demand in foreign markets.

The internal production possibilities of commodities which have great marketing possibilities and yield high amounts of foreign exchange must be explored, and efforts should be made to produce and export such items.

The introduction of new export items will be thus in course of time change the patern of our exports from agricultural crops towards semi-finished and finished industrial products.

(2) Efforts to export fresh fruit and vegetables will be intensified and studies of the export possibilities of meat and other livestock products instead of live animals will be pursued.

(3) The proportion of mining products within our total exports is decreasing. The reasons for this decrease will be investigated and the necessary measures will be adopted as soon as possible. Priority will be given to the locating of deposits and output of mining products which are in great demand on foreign markets. The necessary steps will be taken to reduce the cost of production and increasing opportunities of competition.

(4) Export should be encouraged by means of tax incentives. Practical methods and conditions relating to tax refunds, tax exemptions and exceptions must be determined and put into effect in order to secure efficient application to exports of Law No. 261 which gives appropriate authority to the government.

(5) A long-term efficient marketing policy must be applied in exports. Close and continual observation of foreign market trends will be maintained in the search for wider sales prospects. Priority will be given to the establishment of marketing organizations and exporters will be encouraged to pursue an organized policy on foreign markets.

(6) Closer attention will be paid to international commodity agreements which may secure good prices and satisfactory sales possibilities for our export goods; whenever appropriate efforts will be made to encourage the creation of such agreements.

(7) Publicity for our export commodities and their presentation should be treated as matters of the utmost importance. Manufacturers and exporters will be encouraged to participate in international fairs and every facility will be provided for the publicity of our products.

(8) Necessary standards will be determined and applied to our export products.

(9) Necessary measures will be adopted to eliminate unsatisfactory packaging of our export commodities and to make their appearance more attractive to the foreign buyer. Priority will be given to the establishment of modern packaging plants.

(10) Quality control of export goods will be carefully considered and irregularities will be removed.

(11) Licensing and registration formalities are serious obstacles to the flow of exports and efforts will be made to reduce them to a minimum.

(12) Barter and tied transactions (import rights) were permitted on a large scale from 1953 to 1958. Its adverse effects on our foreign trade caused this system to be abolished with the introduction of the stabilization program. Such a system should not be applied to exports and the triple barter system which is being operated for chromium ore export must be abandoned as soon as possible.

(13) The Export Promotion Center should intensify studies on the above topics. In the interest of efficiency, close collaboration with the State Planning Organization should be secured, and its constitutional statute should be amended accordingly.

c. Measures Relating to Imports

(1) Foreign trade and industrial policy will be co-operated in observing the principles of the Five Year Development Plan in our relations with the Common Market and under the present conditions affecting our balance of payments.

(2) In determining foreign trade policy, in the framing of decrees, regulations and circulars relating to imports, in the preparation of lists and in the formulation of bilateral trade and payment agreements, the principles of the Plan and the Yearly Program will be adhered too.

(3) In order to decrease the deficit in the balance of payments and the save foreign exchange, particular attention will be paid to import substitution and to meeting new requirements through domestic production.

(4) Import lists will be revised and readjusted in orded to protect and encourage domestic industry and to save foreign exchange.

(a) Goods which satisfy fair-price and good-quality requirements and which can fully meet domestic requirements will not be included in the import lists.

(b) Manufactures which can partially meet domestic requirements will not be included in the liberalization list, and those already included will be deleted.

For these goods, certain quotas will be established which take into account their importance to the economy, the level of requirements, the amount of domestic production, and our foreign exchange possibilities.

(c) Certain measures proposed in the Plan' and Annual Program under the leading "Manufacturing Industry" must be taken into consideration in the preparation of import lists, in order to protect various branches of domestic industry and to save foreign exchange.

(d) Necessary imports will be given priority in the preparation of import programs which would speed the achievement of the Plan's targets; the import requirements of various industrial branches will be met according to their relation to the Plan.

(5) The possibility of drawing up import programs annually will be investigated.

(6) Import quotas made available to certain authorities and industrialists for the purposes of their own quotas will be limited to cases of genuine necessity.

(7) Imports and exports will be co-ordinated and special care will be taken to ensure that commodities exported are not simultaneously imported even though at higher prices.

(8) The import program for 1964 will take into account the fact that actual imports for the year will not exceed 640 million dollars. The foreign exchange situation will also be taken into consideration and care will be taken not to exceed available supplies of foreign exchange.

(9) Strict measures will be adopted to ensure that individual imports are realized within the prescribed period and in conformity with import permits. Precautionary sanctions will be introduced for this purpose.

(10) Measures will be adopted to ensure specialization in the import field. Certain conditions and forms of specializations will be required for importers and certificates will be allocated accordingly.

HOW IMPLEMENTATION IS FOLLOWED

In order that government decisions in matters affecting and influencing economic life may be taken in the light of the real requirements of the economy, it is necessary in the first place to follow economic developments on a sound and up-to-date basis. While the evaluation of certain economic indicators will prove useful in following these developments, a close watch will also be kept on the implementation of annual programs which provide the general framework for economic development, and implementation results will be taken into account in appraisals covering the whole of the economy.

Following implementation closely is also important in that it allows of necessary interventions should any difficulties arise in the process of implementation; it also brings to light any matters to be taken into account in future programs.

The work which will have to be done at the center and in provinces to keep a close watch on the implementation of the program in both the public and the private sector is as follows

1. FOLLOWING THE IMPLEMENTATION OF THE PROGRAM AT THE CENTER

a. Developments in the public sector will be followed at the center principally on the basis of the quarterly reports to be submitted to the SPO in accordance with the provisions of Law No. 91. These reports will concern the investments and measures which it was incumbent on Ministries to realize. In these reports, which will be prepared according to a formula elaborated by the SPO, the activities of ministerial departments, administrations and State Economic Enterprises will be shown in detail and in a manner corresponding to the lists of projects attached to the program when investments are concerned, and to the implementation plan when measures are concerned.

As it is clear from the above, the actual verification of whether implementation is proceeding according to the plan and program will be carried out by the implementing departments themselves. The following tasks will however devolve on the Ministries concerned and the relevant Planning Divisions : ensuring that implementation results transmitted by departments, State Economic Enterprises and provincial organizations conform to the real situation; drawing up periodical reports to be submitted to the SPO on the basis of the data received; assuring that the necessary cooperation and coordination for the implementation of the program is established.

In order to be able to follow developments in the private sector (which is of necessity less organized than the public sector, being scattered over the country in the form of large or small independent enterprises) various economic indicators will be used on the one hand and co-operation will be established on the other with the Union of the Chambers of Commerce, Industry and Trade Exchanges. The Union will transmit to the SPO quarterly reports containing the information obtained from allied organizations; account will be taken of these reports in appraisals of the economy as a whole.

b. The information obtained as outlined above on developments relating to the implementation of the program in the public and private sectors will be evaluated by the SPO and attached to the six-monthly reports to the High Planning Council, which will then be submitted to the government after they have been examined by the Council. The SPO will prepare interim reports on any important and urgent matters arising in connection with implementation.

The second six-monthly report, which will contain implementation results for the year, will be published to keep the public informed of the way in which application of the plan and program is proceeding.

2. FOLLOWING THE IMPLEMENTATION OF THE PROGRAM AT THE PROVINCE LEVEL

Since the investments contained in the program are scattered over the face of the country in the form of projects, and since implementation in this sphere takes place specifically away from the center, any super vision from the center only would not be sufficient to ascertain developments actually taking place, and would not permit of any timely interventions. The need exists for an organization at province level able to eliminate any implementation difficulties encountered through decisions taken on the spot and able to ensure the necessary co-operation and co-ordination among the various provincial departments.

To meet this need during the implementation of the 1963 program "Provincial Co-ordination Boards" were set up under the direction of provincial governors and with the participation of provincial section chiefs and of the representatives of departments undertaking investments in the province concerned. The work of these Boards, which met at specific intervals and sought to solve any problems arising at province level in the course of realizing the investments included in the program, was generally useful and effective.

In order to increase the operational efficiency of these Boards, which will continue to function in 1964, the following points will be taken into consideration :

a. In ensuring co-operation and co-ordination among the various investment-making departments, it is essential to encourage each of them to use its own initiative and exploit work capacity to the fullest extent. Any procedures which might reduce the work performance possibilities of departments will be carefully avoided, the prime condition for ensuring that activities are not held up and that program targets are attained being that each department should discharge all phases of the duties assigned to it.

b. In order that supervisory activities at province level may cover the whole field of economic operation on developments in the private sector is available, besides the investment-making departments and any State Economic Enterprises making investments in that province the Chamber of Commerce and Industry of that province and representatives of other associations and organizations will if necessary also participate in the Board's work. In provinces situated within the regional boundaries of Regional Planning Projects applied by the SPO, meetings of Provincial Coordination Boards will be attended by project directors. In provinces lying outside such boundaries, representatives of the SPO may attend these meetings as observers. It will thus be possible to ensure consistency in the work of these boards.

c. In order that uniform criteria may be used in the work of co-ordination boards relating to data collection and evaluation the Ministry of the Interior acting in collaboration with the SPO will undertake to train the secretaries of these boards in the subjects required.

d. Implementation results in provinces will be transmitted directly to their central organization by the provincial organizations of implementing departments or agencies. In exceptional cases, however, major difficulties will be reported directly to the SPO by provincial governors.

GUIDANCE TO THE PRIVATE SECTOR

1. INTRODUCTION

The private sector, which accounts for 99,51 and 90 per cent of national income from agriculture, industry, and commercial services respectively, plays an important part in the economy. Taking this into account, it is considered in the Development Plan that the private sector will make an important contribution to development efforts within the mixed system prevailing in the economy.

Lack of advance information on the fields in which the State would engage in activities was one of the main factors inhibiting private investments. In the plan period not only are the fields in which public investments will be made specified but the necessary environment for private investments to be made with confidence is also created. It is expected that the private sector will infuture develop in this suitable environment with the help of the administrative and financial measures taken or about to be taken, and will play the part which is expected of it in the course of economic development.

2. PRESENT SITUATION

There is scant statistical data from which private investment could be followed and evaluated. It is only indirectly by relying on certain indicators and investigations, that the amount, sectoral break-down, and trends these investments can be assessed.

In the transitional program prior to the plan period and in the 1963 program, private investment was estimated at approximately 3.5 billion TL. in 1962 and 4 billion TL. in 1963. Available data indicate that these amounts have been realized. According to preliminary data for 1963, private investment will be somewhat above the initial estimate of 4 billion TL. Excluding the Eregli Iron-Steel Works, which is a mixed enterprise, private investment in 1963 appears to be up by 17 per cent over 1962. That these investments tend to grow at a faster rate than estimated in the 1963 program is confirmed by the result of an enquiry conducted in 1963.

An enquiry covering 5,725 firms registered with the Ministry of Industry was conducted in March 1963 by the SPO with the help of the Union of Chambers of Commerce; its object was to determine the extent of private investment in industry in 1963 and obtain information on proposed investment in 1964. The results of this enquiry based on the sampling method are shown in Table 182.

Estimated Private Investment in Industry in 1962 and 1963 and Comparison with 1963 Program Figures

TABLE : 182

Branch of Industry	Estimated Implementation		Estimates of the 1963 Program	Difference between Program figures and estimates
	1962	1963		
Food, beverages, tobacco	56.4	70.0	83.3	— 13.3
Textile and clothing	103.0	256.8	40.0	+216.8
Woodworking	9.6	8.9	8.7	+ 0.2
Paper and printing	11.8	28.1	1.0	+ 27.1
Leather, crude rubber and rubber	16.2	26.9	45.6	— 18.7
Chemical products	37.9	64.3	76.0	— 11.7
Non-metallic products	23.9	37.4	12.1	+ 25.3
Iron-steel and metallurgy	25.8	71.1	94.6	— 23.5
Manufacture of machinery	16.5	16.2	134.7	—118.5
Electrical machinery	8.4	9.4	96.0	— 86.6
Metal products	29.8	42.8	5.0	+ 37.8
Transport equipment	11.3	29.3	20.0	+ 9.3
Other manufactures	2.2	4.8	3.0	+ 1.8
Total	**352.8**	**666.0**	**620.0**	**+ 46.0**

According to the data obtained from this enquiry, investment in certain manufacturing branches is in the aggregate 7.5 per cent higher than the 1963 program estimates. If it is remembered that the enquiry covered only enterprises with capital of more than 50,000 TL., it will be seen that this difference may be even bigger.

Although the tendency of private investments to rise faster than foreseen in the plan is a promising feature, the distribution of these investments is such as to make the realization of plan targets more difficult. In the evalution of the results of the enquiry it was seen that the privater sector was disposed to invest in the textile and clothing branch of manufacturing, where capacity is already excessive, and that investments in machinery and electrical machinery, of which the economy stands in real need, were lagging far behind. The situation is the same in certain other sectors outside manufacturing. Estimates based on the building licenses granted by municipalities in the first four months of 1963 show in particular that although the field of construction as a whole has diminished, the value of construction in the housing sector is increasing. This means that investment in luxury housing, which is economically unprofitable, is continuing on a larger scale in 1963.

The absence of a capital market however and the fact that investments tend to be made mostly by individuals or family partnerships explain why the private sector refrains from embarking on large-scale ventures, why ineficient small enterprises do not merge and why extensive plants are not set up with the assistance of contributory amounts of foreign capital.

Many of the measures designed to encourage private investment in 1963 have been or are about to be effectively applied. The Industrial Investment and Credit Bank, which will extend medium and long-term credit to industrialists, has been set up; preparations for setting up a Mining Development Bank are complete; legislation with regard to accelerated depreciation, investment allowance and refund of taxes in exports has been introduced. Work and research on the other measures proposed are proceeding.

3. ESTIMATES OF PRIVATE INVESTMENT IN 1964

The amount of investment which it is considered advantageous to realize in each sector from the viewpoint of the national economy as well as the shares accruing to the public and private sectors within this amount are indicated for the same year in annual programs. The amounts shown for the private sector are estimation of private investments.

Private investment is expected to total 4.5 billion TL. in 1964. This is higher by 7.1 per cent than the 4.2 billion TL. in private investments which are expected to be made in 1963. If however investment in the Eregli Iron-Steel Works, which are about to be completed and will therefore be less than in 1963, is not taken into account, the increase in private investment in 1964 is thought to be 18 per cent above the previous year.

The breakdown of private investments by sectors is shown in Table 183.

Private Investment by Sectors

TABLE : 183 *(Million TL.)*

	In foreign currency	Total
Agriculture	27.0	600
Mining	67.8	240
Manufacturing	671.3	1.374
Energy	23.0	48
Transport	—	140
Tourism	5.0	70
Services	4.0	28
Housing	20.0	2.000
Total	**818.1**	**4.500**

In order to overcome the shortfalls with regard to plan targets which are expected to take place in private investment in certain branches of industry in 1964, measures relating to taxation, credit and imports will be taken to encourage investment in the branches concerned. The adoption of certain tax and credit measures however means that efforts will be made to divert excessive private investment from fields where there is a tendency to invest over and above initial estimates and to channel it into the desired fields.

After this general survey of private investment, investments by sector are analysed below.

a. Agriculture

With the exception of forestry and certain demonstration and educational activities undertaken by the public sector, the private sector accounts for practically the whole of agricultural production.

It is estimated that private investment in agriculture in 1964 will be 50 per cent above the 1963 level. The way for an increase in farm investments has been prepared by two successive very good crop years 1962 and 1963, and by the remunerative crop prices obtained by farmers. The fact that machinery and equipment shortages in crop gathering and new sowing were experienced in certain regions in 1963 indicates that investment in these items may be expected to increase in 1964.

Estimated private investment in farming, brokendown as shown in Table 184, is 600 million TL. for 1964.

Farming Investments in the Private Sector

TABLE : 184 *(Million TL.)*

Investments	1964
Irrigation	50
Land improvement	25
Pasture improvement	5
Draining and reclamation	2
Tractors, implements, and machinery	310
Plant protection	10
Seeds and seedlings	40
Animal husbandry	50
Simple processing units and pastures	35
Storage	15
Forestry and afforestation	10
Water products	22
Others	26
Total	**600**

As seen from the Table, about 50 per cent of agricultural investment is expected to be in tractors, implements and machinery. Other important fields of investment seem to be irrigation, seeds and nursery stock, animal husbandry, storage and water products.

b. Mining

Total production in mining which also includes petroleum, has shown a considerable increase against the preceding year. Changes to facilitate private sector activities were made in the mining sector in 1963. Reduced export possibilities in certain minerals, however, led to a decrease in the tendency to undertake mining investments. It is expected that private investment will be directed principally towards lignite and iron ore in 1964. Investments in the extraction of iron ore are supported by the Eregli Iron-Steel Mills.

Investments in petroleum prospecting and extracting and in the distribution of petroleum products are expected to follow a normal course.

c. Manufacturing

Private investment in manufacturing, which is shown in detail in the related sections of the program, is also shown as whole in Table 185. The table also gives the projected investments of the private sector as shown in the results of the above enquiry. Certain notable differences are revealed by this comparison between the postulated volume of investments by sectors, which would assure balanced development, and the intended investments of the private sector.

Private Investment in Manufacturing in 1964

TABLE : 185 *(Million TL.)*

	Projected investments according to the enquiry	Investments postulated in the 1964 program	Difference
Food, beverages, tobacco	35.0	82.0	— 47.0
Textiles and clothing	274.6	100.0	+ 174.6
Timber and furniture	33.9	13.0	+ 20.9
Paper and printing	13.9	16.0	— 2.1
Leather, latex, rubber, plastics	18.6	65.0	— 46.4
Chemicals	67.5	246.2	—178.7
Cement, glass, pottery, stoneware, earthenware	23.7	49.0	— 25.3
Iron, steel, metallurgy	527.6	515.8	+ 11.8
Metal products	21.3	15.0	+ 6.3
Machinery	14.0	88.0	— 74.0
Electrical machinery	7.8	67.0	— 59.2
Transport equipment	20.5	87.0	— 66.5
Small industry and handicrafts (1)	—	30.0	— 30.0
Total	**1.058.4**	**1.374.0**	**—315.6**

(1) Not covered by the enquiry.

It is observed that many entrepreneurs have shifted to industry from outside and begun to invest in novel fields under the impulsion of the new principles and possibilities which the plan has brought into the economy. Entrepreneurs are investing more particularly in the chemical industry, the manufacture of machinery and of electrical machinery and equipment, and in the assembly and manufacture of motor vehicles; though not very marked, the tendency noted is gaining strength. The level of investments forecast for this area in the plan may therefore be attained if the necessary economic measures are taken in time. Another important aspect which the private sector should take into account in its manufacturing investments is that they should not only be geared to domestic demands but should also be export-oriented. Only in this way will it be possible to diversify exports and increase foreign exchange earnings.

It is understood from the enquiry that the old habits and tendencies of the private sector to invest in clothing and textiles will continue and that such investment will even be above the level anticipated in the program. Investments in this branch of industry are required only in tricot cloth, ready-made clothing and yarn production. Because of excess capacity, particularly in cotton, investments in textiles and clothing should be designed solely to eliminate bottle-necks, replace the machinery and equipment of outworn plants, improve the quality of products and raise exports. The private sector will adopt the necessary measures in order to channel into other fields investments projected in this sector which are in excess of program targets.

Important developments are taking place in the iron, steel and metallurgy sector and capacity is increasing, particularly in iron and steel. Capacity in the copper and copper alloys branch is sufficient.

Particular encouragement will be given to exporting mineral ores in a more processed form in the case of those minerals which are extracted within the country and are exported without further processing. The most important of these are ferrochrome, ferro-manganese, ferro-silicon, zinc and lead.

In the manufacture of machinery priority will be given to capital goods. If the private sector does not draw up the manufacturing plans for which there is a need in this sector (no appreciable growth was noted in 1963) it may be necessary to undertake public investments in this field in order to attain the targets set in the plan. The most important of the plants needed are the following : diesel and gasoline engines, special pumps, machinery for the textile industry, fans and propellers compressors, industrial furnaces, lifting machinery, steel structures and repairs to foundries, heat exchangers, mineral ore and earth-preparing machinery, valves and flow regulators, medical and sanitary apparatus, road-rollers and printing machines. There is sufficient demand for these products to permit their manufacture on a complete basis or, if they have many components, on an assembly basis. The manufacture of these products is particularly important from the standpoint of reducing the deficit in external payments and of carrying out investments without obstructions.

It is thought that the new plants and facilities to be set up can achieve an indigenous content of between 30 and 80 per cent and measures will be taken to secure this on an economic basis. The private sector will thus play an important role in meeting the impending heavy demand for domestic manufactures. It is agreed that there is excess manufacturing capacity, at present particularly in certain branches of machinery and metal products and that this capacity can be used to manufacture those parts of factories which it is possible to manufacture internally. Lack of manufacturing designs for facilities is one of the major obstacles to using excess capacity in this way. It is necessary for the private sector to set up project and construction bureaus to undertake designing which will ensure manufacturing. The posebility of securing foreign technical aid for this is open to the public sector.

In the manufacture of farm machinery, tractor capacity is sufficient. Investment in this branch should be aimed at increasing the percentage of indigenous content. Since farm machanization is becoming increasingly important, developments are also expected in the manufacture of other farm machinery and it is desirable that the private sector should invest in this field.

In the electrical machinery sector, most requirements are met internally. The initiative has also been taken in manufactures which are not at present produced internally. In 1964 investments, stress should be laid on the following : electrical engines, power transformers, water and underground cables, telephone cables, telephone instruments and switchboards, and materials for electricity networks. Investments in these fields have been left entirely to the private sector.

Developments in private shipbuilding are also expected in 1964. Demand will be increased by construction credits to be extended to shipowners ordering vessels. The application of the free area regime to a shipyard to be selected for the repair of ships carrying foreign flags is also envisaged. Co-operation will be established in this respect with the private sector, in which the capacity of present facilities will be assessed.

The capacity of assembly facilities (existing or under construction) for motor vehicles exceeds internal requirements. It can be observed that more facilities than are needed are being set up, mainly to secure a share of quota allocations. In a field where the key to cost reductions is large-scale production, the market in Turkey is not large enough for the survival under prevailing economic conditions of more than a few specific firms. It is therefore considered necessary to work towards assembly-plants which are few in number but large in size. Foreign exchange and credit policies in 1964 will be used mainly to encourage a higher percentage of indigenous content in existing facilities and the setting up of large-scale plants.

Large plants will be constructed in the chemical industry in 1964. With the establishment of these plants, a substantial proportion of the anticipated demand for chemical products is expected to be supplied from internal sources. The following branches of this industry are those in which private initiative will be of the greatest value in the coming period :

(1) Various Inorganic substances

It is possible to produce considerable amounts of inorganic substances in Turkey with small-scale investments. These substances are shown in the section on chemical products. The apparatus for producing those substances, which are mostly based on a one-stage operation can be manufactured almost entirely within the country. It is also possible to produce different inorganic substances successively in the same unit. The greater part of the necessary raw materials for this production can be found within the country.

(2) Petro-chemical Industry

One of the most important of the 1964 program targets is the establishment of a petro-chemical industry. As there are no private firms established in this branch, the investments postulated in the program will have to be made by the Turkish Petroleum Corporation. Research and projects carried out by private enterprise in this field will also be examined speedily and means will be secured for the execution of the most profitable of these projects. It is therefore important that the private sector should show enterprise in the petro-chemical sector and complete its projects quickly.

(3) Merging of Small Producing Units in the Pharmaceutical Industry

In many instances, the same or similar pharmaceuticals are made by several laboratories which leads to unused capacity. Against this, certain important pharmaceuticals cannot be produced small laboratories would increase their overall possibilities and eliminate financial difficulties.

(4) Rose-oil

Increasing the production of rose-oil, which is one of the promising export commodities is considered feasible. Roses should be produced on a scale which will permit be establishment of a few factories in Isparta and Burdur.

(5) Perlon, Citric and Tartaric Acid, Carbon-black

Investments in citric asid and tartaric acid (the raw materials of perlon) plants and, because of the rising demand for rubber, in the manufacture of carbor-black are recommended.

d. Energy

It is estimated that private investments in energy will be of the order of 49 million TL. in 1964, of which a small proportion will be in the production and storage of liquid petroleum gas, and the remainder (by the Çukurova Electric Power Limited Liability Company) in the electrification of the Çukurova region.

e. Transport and Communication

Owing to severe competition in the transport sector, particularly in road transport, a considerable loss for the whole of the economy results. In view of this, the private sector should exercise foresight in the investments it will make in this sector and calculate investment costs carefully.

f. Tourism

This sector, will from now on be left entirely to private enterprises. After the present initial public investments in tourism have been completed, the public sector will largely confine its activities to supporting private enterprises with credit facilities. According to estimates made, it is thought that investments of 70 million TL may be made in tourism in 1964. It is expected that these investments will concern mainly holiday camps, motels, entertainment places and restaurants to be set up on beaches and in other tourist resorts. Rather than to luxury buildings, investments should be devoted to cheap and comfortable hotels, motels and other facilities in keeping with the income levels of tourists coming to Turkey.

g. Services

In addition to the large public investments foreseen, it is also desirable that the private sector should invest in this field, particularly in education and health.

h. Housing

One of the most important facters in realizing Turkey's development is considered to be the diversion of housing investments to more productive fields. Private housing investment is expected to be in the vicinity of 2 billion TL. in 1964, thus accounting for 44.2 per cent of total private investments.

Avaliable data suggest that the tendency towards investing in luxury housing persists. In the Development Plan however housing investment is intended to lead to the creation of as many housing units as possible. The government will apply measures designed to induce a shift in 1964 from over-investment in housing to investment in productive fields and to ensure that housing investments produce larger numbers of dwelling units. It is important for the economy that the private sector should pay due attention to this situation and direct its investments productive fields.

4. MEASURES FOR IN INDUCEMENT AND GUIDANCE

According to the plan, private investment is to be stimulated and directed to profitable fields by measures of a purely economic nature, such as taxes, allocation of credit and foreign exchange. The measures to be taken to this effect in 1964 are the following.

a. Financial Measures

In this field the measures proposed are designed generally to raise private savings, which are to be channelled towards real or corporate persons investing in productive fields, and to increase medium and long-term credit facilities.

(1) The Industrial Investment and Credit Bank set up in 1963 will be encouraged to conduct its operations efficiently and to raise its resources according to requirements.

(2) Preparations for the setting up of Mining Development Bank having been completed, this Bank will commence its operations within the year in order to promote the development of mining on the lines foreseen in the plan.

(3) **As stated in the relevant section, preparations for meeting the credit requirements of small industries and handicrafts and for the establishment of a professional organization will be completed.**

(4) As stated in the monetary and credit policy section, effective measures will continue to be taken to establish a capital market which will answer the requirements of the economy, and to ensure that credits are allocated with priority to investments in productive fields.

b. Fiscal Measures

(1) The application, within the context of the tax reform, of a special regime of income tax to the profits of corporations which are not distributed will be ensured in 1964

(2) The most suitable areas and branches within these sectors for the application of investment allowance, according to the conditions stipulated in the Laws on Income and Corporate Taxes, are listed below. It is expected that in order to benefit from investment allowance, private investments will be directed to those sectors and branches. Demands for the application of investment allowance to these fields and fields other than those specified will be examined and acted on according to the procedures Laid down in the law.

Fields in which the Application of Investment Allowance is considered suitable

Sectors	Various Branches
Agriculture	Facilities to be set up for the sorting, grading and packaging by modern methods of agricultural products.
Coal and other Minerals	Fields relating to mining
Meat Products	Meat preparations, reduction of bone into meal, processing of blood, manufacture of gelatine from bone, of sucuk (Turkish sausage) sausage and salami.
Dairy Products	Pasteurized milk, butter infant foods, and manufacture of powdered milk by advanced techiniques
Canning	Fruit juices, tomato concentrates, fish meal and preparations.
Vegetable oils and Margarine	All kinds of vegetable oil and margarines.
Alcoholic beverages	Wines and sparkling wines.
Textile and Clothing	Tricot cloth, ready-made clothing and spinning
Forestry Products	Facilities for processing hard wood, artificial wood and chip factories, machine-made furniture
Paper	All branches connected with paper manufacture
Rubber	Tractor tires, rubber articles used in industry, conveyor bands and belts

Sectors	Various Branches
Plastic	Plastic parts complementary to plastic pipe manufactures.
Chemicals	Rose-oil, citric and tartaric acids, carbon-black, petro-chemicals, utilization of petro-chemical products, agricultural pesticides and other specilities, synthesis of active substances, various inorganic substances.
Non-metallic Products	Machine-made bricks, cement industry, asbestos pipes and light concrete building materials.
Iron-steel and Metallurgy	Branches in which domestically extracted ores are processed for export.
Manufacture of Machinery	Diesel and gasoline engines, special pumps, machines for textile plants, fans and propellers compressors, industrial furnaces, lifting and loading machinery, road construction equipment, machinery for food-processing plants, steel structures, heat exchangers, machinery for preparing ores and earth, valves and fans, vans medical anl sanitary instruments, road cylinders, printing machines, modern hand-tools equipment appliances.
Agricultural Implements and Machinery	Agricultural implements other than tractors.
Electrical Machinery	Electric motors and generators, power transformers, water and underground low and high tension cables, external installation cables, telephone apparatus and switchboards, separating devices, circuit breakers, section insulators and switches.
Motor Vehicles	Plants representing investments of over 50 million TL.
Storage	Modern storage and conservation facilities.
Tourism	All investments complying with the Regulations concerning Qualifications for Touristic Institutions, and hotels (other than luxury).
Energy	All secondary energy facilities.

(3) Efforts will be made to ensure the effective application of the legal provisions adopted in 1963 for the refund of taxes on exported goods.

(4) The necessary measures for stimulating the setting-up of industrial plants in under-developed regions will be determined in collaboration with the Union of Chambers of Commerce, Industry and Trade Exchanges and local organizations, and will be put into effect.

(5) In order to make domestic industry more competitive and selective system will be applied in 1964 to the taxes and duties levied on imports of machinery and equipment, and the relevant legislation will be modified accordingly.

c. Marketing Measures

Studies have shown that export possibilities could be enlarged for many of the products of the agricultural, mining and manufacturing sectors. Any expansion in these exports however depends on the improvement of quality and standardization as well as on more thorough market studies and information. Public organizations should cooperate closely in this field, which is a matter of specialization, with private organizations. Efforts will be made to apply and develop in 1964 the measures forecast in the 1963 program so as to preserve the character of continuity.

d. Recommendations concerning the Preparation and Selection of Investment Projects

It is generally agreed that industrialization is needed for economic development. Industrialization efforts must be based on projects prepared by experienced specialists and comply with international standards.

The State Planning Organization is publishing various manuals on the preparation of investment projects in various sectors. The Industrial Development Bank also meets requirements in this field to a given degree. It is however necessary for the work of other credit institutions and of the Union of Chambers of Commerce, Industry and Trade Exchanges to be developed and that the needs of the private sector in the matter of project designing should be met against a reasonable charge.

e. Industrial Regions

It is necessary to speed up the work undertaken to define industrial zones, which represents an important and practical form of encouragement to industry. Projects for the establishment and extension of industrial sites, which fall within the scope of local Chambers of Commerce and Industry, will be examined jointly by the Union of Chambers and the State Planning Organization, and those considered suitable will be executed with the support of the government.

INCOME DISTRIBUTION POLICY

1. PRESENT SITUATION

In the Development Plan a distribution of income is also envisagel, with the same degree of importance as the rapid increase in gross national product. The year 1963 has witnessed some significant decisions and steps towards the realization of this principle.

In 1963 the salaries of the Government employees were raised by 15 per cent and in this way their share in the national income has been increased. Available wage statistics indicate a rising trend in labor wages in 1963. The Law on collective bargaining, strikes, and lookouts enacted in July 1963 will probably be of positive assistance to labor wages in gainning their real share in national income. Apart from this, the application of the increase in minimum subsistence level deductions from wages and increases in exemption rates in compulsory saving bonds will also have positive effects in the same direction.

In amendments to the tax legislation enacted in 1963, the objective of achieving social justice in income distribution was considered as well as the purpose of increasing public revenue. Imposing income tax on high agricultural earnings, small tradesmen and artisans, and changes in private car tax and inheritance tax may positively affect income distribution. On the other hand some increases in indirect taxes have had adverse results.

The prospective enactment of the new Labor bill prepared in order to include a larger section of the population in the social security system, and of the social insurance bill will be a step towards a more equitable distribution of income.

Expenditures for public services such as education and health in the less developed areas which were considerably higher in 1963 than in the previous years, have also become effective in providing balance between regions.

These measures and expenditures however are still insufficient to remove the disparities in income distribution, and efforts to achieve this should be continued and accelerated.

2. MEASURES TO BE TAKEN IN 1964

a. The most important aspect of income distribution is the preservation of price stability. Only by this can be adverse effects of inflation on income distribution be prevented and the healthier economic climate necessary for measures aimed at more equitable income distribution be created. In 1964 price stability policy will receive greater attention within income distribution policy.

b. In order to obtain reliable data on income distribution the State Planning Organization will conduct extensive scientific research with the co-operation of allied institutions. According to the conclusions of this research, the principles of a more effective policy envisaging a more equitable income distribution will be decided.

c. In tax reform measures, the principles of equitable income distribution will be borne in mind.

d. Condition in the less developed areas and lower income groups will be considered in public development and investment expenditures.

COLLECTION OF STATISTICAL DATA

1. PRESENT SITUATION

Evaluation of the plan implementation and preparation of annual programs is possible only if reliable and up-to-date statistics are available for study. Statistical data should cover all phases and aspects of economic and social life. That is why all State departments, local administrations and State Economic Enterprises should assist the State Institute of Statistics in the complation of information.

The statistical information collected today cannot be said to be either sufficient or reliable. The necessary statistical knowledge for the preparation of national accounts, which are of particular importance for supervising the implementation of the First Five-Year Plan and for the framing of annual programs and future plans, should be established on a sound basis. For employment and manpower, which are among the most important of the problems dealt with in the plan, reliable statistics are also lacking. A number of price indices which should serve as bases for the determination of macro-equilibria and targets are again not available. With regard to coverage and methodology, existing price indices are inadequate for present needs. Foreign trade statistics should also be readjusted on the basis of the more detailed layout followed in the plan and annual programs.

An important stride forward in the establishment of sounder statistics was taken in 1962 with the setting-up- of the State Statistics Institute. Besides the central institute, however, there is also need to set up an organization for the collection of statistics which will extend to the smallest administrative unit and in which functions, responsibitities, and methods are clearly defined.

2. MEASURES TO BE TAKEN IN 1964

a. General measures

(1) Studies on the reorganization of the central unit of the State Institute of Statistics will continue.

.2) Implementation of the measures stipulated in Law No. 53, whereby direction or coordination of all compilation of statistics will be carried out by the State Statistics Institute, will be pursued.

(3) In order to meet the need for expert statisticians in all branches of statistics, sufficient numbers of personnel will be sent to foreign countries to be trained in statistics institutes or universities.

(4) Statisticians who will work in the provincial or district units outside the central organization will be trained in Turkish establishments of higher learning. In addition, as many personnel as possible will receive instruction in the training center to be opened in the State Institute of Statistics.

(5) The soundness of the statistical data compiled will be verified by comparing it with other available data and where possible by on-the-spot studies.

(6) International statistics will be circulated as extensively and as early as possible by keeping permanently in contact with other international and national statistical organizations. A reciprocal endeavor will be made to supply the latest reliable statistical information on Turkey's economy to these organizations.

b. National Income Statistics

(1) In 1964 the National Income Study Group composed of representatives of the State Planning Organization, the State Statistics Institute, the Universities and other relevant experts will conclude its studies on the determination of reliable scientific methods for national income accounts. On the basis of these methods, and after consulting foreign experts if need be, a division for national income accounting will be set up within the State Statistics Institute.

(2) Working in close collaboration with the SPO, the Statistics Institute will prepare for the latter : a provisional rough estimate of how national income has developed by the end of June 1964 compared to the program and of how it is expected to develop in the latter part of the year; first provisional national income estimate by the end of July; second provisional national income estimates by 15 th November; and third national income estimates, by the end of March 1965. The Statistics Institute will prepare the final national income figures each year and submit them to the State Planning Organization by the end of July of the subsequent year.

(3) Work will be proceded to obtain all the relevant data for investment accounts and to elevate the latter, which are of particular importance for planning work, to an accurate and reliable level.

c. Employment and Manpower Statistics

(1) The Ministry of Labor and the agencies attached to this Ministry will collaborate with the Institute of Statistics in collecting employment and manpower statistics, the shortage of which is keenly felt.

(2) The Institute of Statistics will establish cooperation with the Workers' Insurance in order to compile more comprehensive wage statistics.

d. Price Indices

The Institute of Statistics will establish cooperation with the Department of Economic Studies of the Ministry of Commerce and where necessary with the Chambers of Commerce in order to improve and extend as far as possible the coverage of wholesale price indices and cost of living indices.

e. Budgetary, Monetary and Credit Statistics

Coordination studies, in which the State Planning Organization and the Institute of Statistics will participate besides the Ministry of Finance, the Central Bank, other banks and the Union of Chambers, will be conducted to ensure that the budgetary, monetary and credit statistics compiled by the latter agencies do not show any duplication of method and that the data supplied are not deficient or superfluous. The principles according to which budgetary, monetary and credit statistics should be collected and published on a continued and reliable basis and with the greatest economy of expenditure will be determined.

f. Foreign Trade Statistics

The following measures will be applied in this field by the Institute of Statistics with the collaboration of the agencies concerned :

(1) Monthly and yearly import figures will be divided as in the plan into three groups, namely "capital goods", "raw materials" and "consumer goods". In addition the possibility of classifying raw material imports according to the sectors of consumption will be studied.

(2) In import programs, imports on the liberalization list, on the list of import allocations, bilateral agreement, Nato infrastructure and offshore imports, those connected with private foreign capital, those connected with special investment credits (DLF, Eximbank, IDA, IBRD, etc.), those of surplus goods and those without allocation of foreign exchange will be listed separately.

(3) Import-export volume and price indices and trade margins by country and area will be estimated with the cooperation of the Department of Short-term (conjectural) Economic Studies of the Ministry of Commerce, and attempt to publish these indices regularly will be made.

SUMMARY AND CONCLUSIONS

The objectives to be accomplished in the second year of our planned development efforts have been described above in detail and the expenditures necessary for the attainment of these objectives listed in the Investments Appendix to the Program.

The successful implementation of the 1964 Program, which has been prepared with the experience gained from the 1963 Program, will depend upon conscious effort. In general, it may be concluded that planned working has been better adopted and appreciably assisted by the private sector. The work of implementation and co-ordination which was closely followed and which attracted public attention has become fruitful. Voluntary participation by our people in the development efforts have increased; the importance of the accomplishment of the Five Year Plan has been better realized.

In the meantime, international institutions and friendly and allied nations have become interested in our Development Plan. With the feeling of confidence created abroad by our planned efforts, positive results in obtaining the foreign financing necessary for our development have been achieved.

In 1964 we shall have to increase our efforts in implementing the Plan, to complete what remains unfunished from the 1963 Program, and to reach the objectives stated in the 1964 Program. In the fulfilment of these tasks, our surest support will be the Turkish People's desire to achieve the Western civilization.

1. PUBLIC SECTOR

a. Co-ordination Work

The close co-operation envisaged in the 1963 Program among Government Departments , State Economic Enterprises, and other institutions necessary for the success of the plan will be continued more intensively in 1964. The State Planning Organization will provide more effective co-ordination in order to bring about closer co-operation. In this work it should be kept in mind that the State Planning Organization is not an executive agency but rather an advisery board, and that the normal administrative channels should be followed in solving the problems. However, the data necessary for following up the program implementation and the problems relating to various departments and organizations and not yet solved through these agencies should be submitted to the State Planning Organization accurately and in time. The problems which become the subject of implementation reports should also be taken into consideration by the responsible Government agencies and the necessary work should be done to solve these problems.

b. Work Programs

The 1964 Program will have been prepared, announced, and distributed to the interested authorities prior to implementation. Public agencies and local administrations will, in accordance with the principles of the 1964 Program, prepare a "work program" for their activities in 1964. The State Economic Enterprises and establishments with revolving funds will draw up their work programs keeping in mind the principles stated in this Program. These work programs will have to be completed by the beginning of 1964.

c. Follow up and Revision

The State Planning Organization will more effectively continue its task of following up implementation and informing the Government on the objectives accomplished after evaluating them.

Delays occured in 1963 because this was the first year of the plan period and, late distribution of the Plan and Program will therefore be avoided. For this reason, the preparatory work necessary for the measures envisaged in the 1965 Program will begin immediately, and in particular detailed outlines for the investment projects will be prepared in advance. The delays and difficulties experienced in 1963 in awarding contracts for the projects will be eliminated; the most rational and expedient use of the construct season will avert cost increases due to prolongation of delays.

The State Planning Organization will evaluate the implementation results of 1963 and the information obtained by the various sectors in 1964; after this evaluation it will advise the Government of any revision found necessary in the 1964 Program and in the Plan.

d. Preparations for the Following Year

After the 1964 Program becomes effective, the State Planning Organization will begin working on the 1965 Program while following up implementation. At the same time one of the most important tasks of the public sector will be the preparation of the investment pre-projects to be included in the 1965 Program. These pre-projects will be submitted to the State Planning Organization by June 1965. The investment projects which are to be launched in 1965 will be carefully selected according to the informative literature published by the State Planning Organization and will be submitted coverning all the information required in pre-project form.

e. Work on the Second Five Year Plan

In 1964, the State Planning Organization will begin working on the Second Five Year Plan. In this the experience gained in preparing the First Plan will be used and preliminary studies on the essential projects on which the second plan is to be based will be carried out.

2. PRIVATE SECTOR

a. Co-operation with the Public Sector

As is very clearly stated in our constitution and the Development Plan the Turkish economy is a mixed economy in which private and public sectors operate side by side and on equal terms. There is no rivalry between them : the two sectors are complementary. According to this principle, private and public sector should work in a spirit of full co-operation and should provide the investment and production necessary for the economy.

The discipline, stability and basis for better future estimates provided by planned operations have became extremely useful for the private sector. The new investments by the public sector will enable the private sector to utilize excess capacity in some fields and will also create new business opportunities. Knowing the fields and amounts of investment by the public sector in advance, the private sector will be able to select its investment fields freely and confidently.

b. Direction of Investments towards further Production Fields

In return for the facilities offered to the private sector by planned activities, there are also some tasks required of this sector. First, the private sector should direct its investment from unproductive fields such as luxury housing and imports, or over-invested branches such as textiles, to industries important for our economic development. Investments in industry are in reality more advantageous to the private sector when it is remembered that investments and consumption will increase parallel with the plan implementation, even though this kind of investment seems profitable only over a long period of time. State support of investments by the private sector in industries which will increase exports or which will be more productive will be sustained by various measures for encouragement and protection.

c. Rational Management

Today in the private sector there are some model firms which work productively, employing modern business methods and principles. Although this is a promising and hopeful sign, they are not adequate in number or size.

In view of our full participation in the Common Market in future, all sectors should begin to practise modern business methods and techniques and should closely follow their development. A progressive and dynamic management and investment policy will increase the growth of the private sector as well as prospects of success for the Plan. Among the efforts in this direction, the reorganization of firms utilizing foreign techniques and experience, the training of well qualified executives, and the preparation of investment projects in accordance with international standards may be cited. In addition to these, instead of familyowned corporations, business firms should be organized as realstock corporations to which small savings can contribute. In this way, small saving may be directly channelled into investment, and with increased financial capacity larger and healthier enterprises can be formed.

d. Problems Concerning Business Life

With the new modern labor laws which became effeective in 1963, our business life has reached a new stage. It is hoped that the rights of strike, lock-out and collective bargaining recognized by employees and employers will be used consciously, patriotically and peacefully. There is no reason for not achieving the same results in our country with these tools, which have produced positive results such as the modernization of firms, increase in productivity, and realization of social justice in income distribution in western countries. The patriotism of the Turkish workers and employers is the best guarantee of our achieving the same results.

Planned working has opened new horizons for our Nation. The problems observed in almost every developing country should not cast their shadow on these horizons. It is a well-established truth that our Nation, which is approaching the goal of development under democratic administration, is ready for more positive efforts in 1964. This truth will be the source of success for the Plan and the Program as a whole.

General and Annex Budget, Revolving Funds and State Economic Enterprises Investments

TABLE : 1 *(1000 TL.)*

	Continues Projects		New Projects		Total Investments	
	Foreign Currency	Total	Foreign Currency	Total	Foreign Currency	Total
AGRICULTURE	18.702	483.267	87.407	692.261	106.109	**1.175.528**
MINING	69.981	275.284	144.057	232.950	214.038	**508.234**
Coal and other minerals	59.468	244.557	6.232	14.406	65.700	**258.963**
Petroleum	10.513	30.727	137.825	218.544	148.338	**249.271**
MANUFACTURING INDUSTRY	274.514	680.347	192.058	382.818	466.572	**1.063.165**
Food	40.732	131.220	31.778	65.705	72.510	**196.925**
Meat and Meat Products	868	7.173	—	1.170	868	**8.343**
Dairy Products	8.300	11.135	2.000	3.000	10.300	**14.135**
Canning	200	250	—	—	200	**250**
Sugar	—	5.848	26.196	46.852	26.196	**52.700**
Vegetable oils	2.964	16.562	—	—	2.964	**16.562**
Tea	1.650	23.726	1.500	9.660	3.150	**33.386**
Beverage	2.750	18.978	1.300	4.025	4.050	**23.003**
Tobacco	24.000	47.548	782	998	24.782	**48.546**
TEXTILE AND CLOTHING	25.834	47.581	10.800	21.371	35.634	**68.952**
WOOD WORKING INDUSTRY	2.240	6.610	3.740	10.800	5.980	**17.410**
PAPER	6.900	18.200	35.185	73.100	42.085	**91.300**
PRINTING	930	15.300	—	3.700	930	**19.000**
CHEMICALS	53.550	97.571	94.640	126.979	148.190	**224.550**
NON-METALLIC PRODUCTS	59.528	140.700	3.400	15.100	62.928	**155.800**
Refractory brick and earth glass and glass product pottery and china	28.228	68.600	—	—	28.228	**68.600**
Cement	31.300	72.100	3.400	15.100	34.700	**87.200**
IRON STEEL AND METALLURGY	60.600	162.600	6.500	21.000	66.100	**183.600**
METAL PRODUCTS	15.800	28.700	—	—	15.800	**28.700**
MACHINERY	6.000	11.000	5.315	15.837	11.315	**26.837**
AGRICULTURAL MACHINERY	50	1.050	300	300	350	**1.350**
ELECTRIC POWER	—	—	—	—	—	—
TRANSPORT EQUIPMENT	2.350	19.815	400	16.926	2.750	**36.741**
Shipbuilding	1.150	7.015	400	9.726	1.550	**16.741**
Railroad rolling stock	1.200	12.800	—	7.200	1.200	**20.000**
SMALL - SCALE INDUSTRY	—		—	12.000	—	**12.000**
ENERGY	300.079	638.853	38.906	124.704	338.985	**763.557**
ELECTRICITY	300.079	638.853	31.906	114.704	331.985	**753.557**
COKE AND GAS	—	—	7.000	10.000	7.000	**10.000**
TRANSPORT AND COMMUNICATION	174.337	789.977	58.317	483.363	232.654	**1.273.340**
Transport	104.701	556.332	19.050	338.217	123.751	**894.549**
Harboars and Ports	9.274	110.008	870	16.850	9.144	**126.858**
Airports		4.200	5.860	33.494	5.860	**37.694**
Communication	54.647	103.237	31.187	93.002	85.834	**196.239**
Radio	6.715	16.200	1.350	1.800	8.065	**18.000**
TOURISM	14.400	69.501	12.300	51.499	26.700	**121.000**
HOUSING	—	58.014	—	113.750	—	**171.764**
SERVICES	—	397.898	—	840.430	—	**1.238.328**
Education		261.150		499.771	—	**760.921**
Health		26.313	—	174.687	—	**201.000**
Others services		110.481		165.472	—	**275.953**
Total	**852.013**	**3.393.187**	**533.045**	**2.921.275**	**1.385.058**	**6.314.462**

ANNEXED BUDGET INVESTME

TABLE : (2 a.)

	Prime Ministry	General Directorate of Registry Cadastre	Ministry of Justice	Ministry of Defence	Ministry of Internal Affairs	General Command of Gendarmary	Ministry of External Affairs	Ministry of Finance	Ministry of Education	Ministry of Public Works	Middle East Technical University	General Directorate of Foundations
Irrigation	—	—	—	—	—	—	—	—	—	—	—	—
Land Improvement	—	—	—	—	—	—	—	—	—	—	—	—
Pasture Improvement	—	—	—	—	—	—	—	—	—	—	—	—
Drainage and Draining	—	—	—	—	—	—	—	—	—	—	—	—
Tractor and Supplies	—	—	—	—	—	—	—	—	—	—	—	—
Agricultural Extension	—	—	—	—	—	—	—	—	—	—	—	—
Agricultural Research	—	—	—	—	—	—	—	—	—	—	—	—
Soil Preservation	—	—	—	—	—	—	—	—	—	—	—	—
Agricultural Protection	—	—	—	—	—	—	—	—	—	—	—	—
Seeds and nurseries	—	—	—	—	—	—	—	—	—	—	—	—
Livestock	—	—	—	—	—	—	—	—	—	—	—	—
Primitive management and green house	—	—	—	—	—	—	—	—	—	—	—	—
Meteoroligal services	—	—	—	—	—	—	—	—	—	—	—	—
Other Agricultural Expenditure	—	—	—	—	—	—	—	—	—	—	—	—
Mining	—	—	—	—	—	—	—	—	—	—	—	—
Petroleum	—	—	—	—	—	—	—	—	—	—	—	—
Manufacturing Industry	—	—	—	—	—	—	—	—	—	—	—	—
Shipbuilding Industry	—	—	—	1 000	—	—	—	—	—	—	—	—
Small-scale Industry	—	—	—	—	—	—	—	10.000	—	—	—	—
Printing	1 000	—	—	—	—	—	—	—	—	—	—	—
Electric Power	—	—	—	1 000	—	—	—	—	—	—	—	—
Railways	—	—	—	—	—	—	—	—	—	46.007	—	—
Ports and Harbours	—	—	—	—	—	—	—	—	—	106.000	—	—
Airports	—	—	—	—	—	—	—	—	—	6.500	—	—
Radio	—	—	—	—	—	—	—	—	—	—	—	—
Tourism	—	—	—	3 700	—	—	—	—	6.300	—	—	20.000
Education	—	—	—	—	—	—	—	10.000	593.888	—	19.864	—
Health	—	—	—	18 298	—	—	—	—	—	18.929	—	—
Mapping	—	8 650	—	—	—	—	—	450	—	—	—	—
Administrative Buildings	—	—	4 200	—	1 000	—	800	25.000	—	—	—	—
Social Services	—	—	—	—	—	—	—	—	—	1.914	—	—
Defense	—	—	—	60 460	—	—	—	—	—	—	—	—
Housing	—	—	—	54 000	—	6.000	—	—	—	8.000	—	—
Total	1.000	8.650	4.200	138.458	1.000	6.000	800	45.450	600.188	187.350	19.864	20.000

ANNEXED BUDGET INVESTMENTS

(1000 TL.)

General Command of Gendarmery	Ministry of External Affairs	Ministry of Finance	Ministry of Education	Ministry of Public Works	Middle East Technical University	General Directorate of Foundations	Ministry of Social AID and Health	Ministry of Agriculture	General Directorate of State Meteorological Services	Ministry of Industry	Ministry of Tourism	Ministry of Construction and Resettlement	General Directorate of Land and Settlement	Ankara University	Istanbul University	Istanbul Technical University	Ege University	Ministry of Labor	Total of Sector
—	—	—	—	—	—	—	—	87.303	—	—	—	—	—	—	—	—	—	—	87.303
—	—	—	—	—	—	—	—	25.528	—	—	—	—	—	—	—	—	—	—	25.528
—	—	—	—	—	—	—	—	9.114	—	—	—	—	—	—	—	—	—	—	9.114
—	—	—	—	—	—	—	—	10.300	—	—	—	—	—	—	—	—	—	—	10.300
—	—	—	—	—	—	—	—	10.065	—	—	—	—	—	—	—	—	—	—	10.065
—	—	—	—	—	—	—	—	12.711	—	—	—	—	—	—	—	—	—	—	12.711
—	—	—	—	—	—	—	—	14.620	—	—	—	—	—	—	—	—	—	—	14.620
—	—	—	—	—	—	—	—	11.500	—	—	—	—	—	—	—	—	—	—	11.500
—	—	—	—	—	—	—	—	12 632	—	—	—	—	—	—	—	—	—	—	12.637
—	—	—	—	—	—	—	—	11 720	—	—	—	—	—	—	—	—	—	—	11.720
—	—	—	—	—	—	—	—	42.830	—	—	—	—	—	—	—	—	—	—	42.830
—	—	—	—	—	—	—	—	4 680	—	—	—	—	—	—	—	—	—	—	4.680
—	—	—	—	—	—	—	—	—	8 012	—	—	—	—	—	—	—	—	—	8.012
—	—	—	—	—	—	—	—	3 172	—	—	—	—	—	—	220	—	—	—	3.392
—	—	—	—	—	—	—	—	—	—	44 695	—	—	—	—	—	—	—	—	44.695
—	—	—	—	—	—	—	—	—	—	3 274	—	—	—	—	—	—	—	—	3.274
—	—	—	—	—	—	—	—	—	—	837	—	—	—	—	—	—	—	—	837
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.000
—	—	10.000	—	—	—	—	—	—	—	2 000	—	—	—	—	—	—	—	—	12.000
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.000
—	—	—	—	—	—	—	—	—	—	36 000	—	—	—	—	—	—	—	—	37.000
—	—	—	—	46.007	—	—	—	—	—	—	—	—	—	—	—	—	—	—	46.007
—	—	—	—	106.000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	106.000
—	—	—	—	6.500	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6.500
—	—	—	—	—	—	—	—	—	—	—	18 000	—	—	—	—	—	—	—	18.000
—	—	—	6.300	—	—	20.000	—	—	—	—	5 000	1 000	—	—	—	—	—	—	36.000
—	—	10.000	593.888	—	19.864	—	22.862	15 247	—	—	—	—	—	24 900	15.300	16 560	10.300	2.000	730.921
—	—	—	—	18.929	—	—	102 711	—	—	—	—	—	—	—	—	—	—	—	139.938
—	—	450	—	—	—	—	—	607	—	—	—	47	—	—	—	—	—	—	9.754
—	800	25.000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	31.000
—	—	—	—	1.914	—	—	2.086	—	—	—	—	—	—	—	—	—	—	—	4.000
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	60.440
6.000	—	—	—	8.000	—	—	—	—	—	—	—	84 449	13 315	—	—	—	—	—	165.764
6.000	**800**	**45.450**	**600.188**	**187.350**	**19.864**	**20.000**	**127.659**	**272.029**	**8.012**	**86.806**	**23.000**	**85.496**	**13.315**	**24.900**	**15.520**	**16.560**	**10.300**	**2.000**	**1.718.757**

ANNEXED BUDGET INVESTMENTS

TABLE (2. b.)

(1000 TL.)

	General Directorate of Highways	General Directorate of State Irrigation	General Directorate of Coasts and Frontiers	General Directorate of Monopolies	General Directorate of Forestry	General Directorate of State Production Farms	State Airfields Corporation	Total Sector
Irrigation	—	545.861	—	—	—	—	—	**545.861**
Drainage and Draining	—	5.650	—	—	—	—	—	**5.650**
Agricultural Research	—	—	—	300	1.140	—	—	**1.440**
Seed-grains	—	—	—	—	—	1.020	—	**1.020**
Fisheries	—	—	—	—	—	—	—	**—**
Primitive Management	—	—	—	250	—	—	—	**250**
Flood control	—	73.039	—	—	—	—	—	**73.039**
Forestry	—	2.300	—	—	53.860	—	—	**56.160**
Beverages	—	—	—	23.003	—	—	—	**23.003**
Tea	—	—	—	33.386	—	—	—	**33.386**
Tobacco	—	—	—	48.546	—	—	—	**48.546**
Chemistry	—	—	—	13.000	—	—	—	**13.000**
Electric Power	—	225.000	—	—	—	—	—	**225.000**
Highways	539.900	—	—	—	—	—	—	**539.900**
Airfields	—	—	—	—	—	—	31.194	**31.194**
Health	—	—	2.062	—	—	—	—	**2.062**
Drinking - water	—	70.000	—	—	—	—	—	**70.000**
Mapping	116	5.258	—	—	2.370	—	—	**7.744**
Total Sector	**540.016**	**927.108**	**2.062**	**118.485**	**57.370**	**1.020**	**31.194**	**1.667.255**

TABLE (2[illegible]

REVOLVING CAPITAL AND INVESTMENTS OF MAIN RESOURCES

(1000 TL.)

	General Directorate Of Veterinary	General Directorate Of Agriculture	General Directorate Of Cotton Works	General Directorate Of Soil and Irrigation	Atatürk Forestry Farms	State Production Farms	General Directorate Of Forestry	Power Resources Survey Department	Mineral Resources Survey Department	Bursa Canning Research Institute	Ministry of Finance	General Directorate Of Foundations	General Directorate Of Spor Toto	General Directorate Of Mapping	Total of Sector
Irrigation	620	170	100	—	—	3.200	—	—	—	—	—	—	—	—	4.090
Land Improvement	70	—	300	—	—	3.165	—	—	—	—	—	—	—	—	3.535
Pasture Improvement	—	477	—	—	—	927	—	—	—	—	—	—	—	—	1.404
Tractors and Supplies	3.500	230	1.112	4.325	230	12.348	—	—	—	—	—	—	—	—	21.745
Seeds and Nurseries		1.707	1.200	—	—	9.251	—	—	—	—	—	—	—	—	12.158
Livestock	4.530	332	—	—	675	2.020	—	—	—	—	—	—	—	—	7.557
Forestry	—	—	—	—	—	—	140.000	—	—	—	—	—	—	—	140.000
Other Agricultural Expenditures	120	111	608	—	510	121	—	—	—	—	—	—	—	—	1.470
Mining	—	—	—	—	—	—	—	—	9.000	—	—	—	—	—	9.000
Dairy Products	—	—	—	—	600	—	—	—	—	—	—	—	—	—	600
Canning	—	—	—	—	—	—	—	—	—	2.000	—	—	—	—	250
Printing	—	—	—	—	—	—	—	—	—	—	250	—	—	—	2.000
Forestry Products	—	—	—	—	—	—	17.410	—	—	—	—	—	—	—	17.410
Electric Power	—	—	—	—	—	—	—	5.000	—	—	—	—	—	—	5.000
Education	—	—	—	—	—	—	—	—	—	—	—	—	8.000	—	30.000
Commercial Services	—	—	—	—	—	—	—	—	—	—	—	30.000	—	—	8.000
Mapping	—	—	—	—	—	—	—	—	14	—	—	—	—	500	514
Total Establishments	**8.840**	**3.027**	**3.320**	**4.325**	**2.015**	**31.032**	**157.410**	**5.000**	**9.014**	**2.000**	**250**	**30.000**	**8.000**	**500**	**264.733**

TABLE : (2 d.)

	Ankara Cement Corporation	Nitrogen Industry	Maritime Bank	State Supply Office	Meat and Fish	Etibank	İller Bank	Workers Insurance Company	Machinery and Chemical Industry Corporation	Petroleum Office
Agricultural Storage	—	—	—	—	—	—	—	—	—	—
Agricultural Research	—	—	—	—	—	—	—	—	—	—
Fisheries	—	—	—	—	750	—	—	—	—	—
Other agricultural expenditures	—	—	—	—	400	53.198	—	—	—	—
Mining	—	—	—	—	—	—	—	—	—	—
Petroleum	—	—	—	—	—	—	—	—	—	15.750
Meat Products	—	—	—	—	6.533	—	1.810	—	—	—
Dairy Products	—	—	—	—	—	—	—	—	—	—
Edible vegetable oils	—	—	—	—	4.707	—	—	—	—	—
Sugar	—	—	—	—	—	—	—	—	—	—
Textile	—	—	—	—	—	—	—	—	—	—
Paper	—	—	—	—	—	19.000	—	—	—	—
Printing	—	—	—	16.000	—	—	—	—	—	—
Chemicals	—	45.571	—	—	—	—	—	—	—	—
Baked Clay	—	—	—	—	—	—	—	—	—	—
Porcelain	—	—	—	—	—	—	—	—	—	—
Cement	6.000	—	—	—	—	30.000	—	—	—	—
Cement Products	5.700	—	—	—	—	—	—	—	—	—
Iron-Steel Metallurgy	—	—	—	—	—	—	—	—	26.000	—
Metal Products	—	—	—	—	—	—	—	—	7.000	—
Machinery Manufacturing	—	—	—	—	—	—	—	—	26.000	—
Agricultural Machinery	—	—	15.741	—	—	354.034	—	—	—	—
Ship Building	—	—	—	—	—	—	—	—	—	—
Railways Transport	—	—	—	—	—	—	—	—	—	—
Electric Power	—	—	—	—	—	—	131.523	—	—	—
Coke	—	—	—	—	—	—	—	—	—	—
Railways	—	—	61.142	—	—	—	—	—	—	—
Maritime Lines	—	—	—	—	—	—	—	—	—	—
Airways	—	—	14.893	—	—	—	—	—	—	—
Port and Harbours	—	—	—	—	—	—	—	—	—	—
Communications	—	—	14.340	—	—	—	—	—	—	—
Tourism	—	—	4.700	—	—	—	4.599	1.000	—	—
Health	—	—	—	—	—	—	—	50.300	—	—
Drinking Water	—	—	—	—	—	—	73.046	—	—	—
Construction Plan	—	—	—	—	—	—	5.735	—	—	—
Commercial Services	—	—	—	—	—	—	—	2.000	—	—
Housing	—	—	—	—	—	—	—	3.700	—	—
Total	**11.700**	**45.571**	**110.816**	**16.000**	**12.390**	**456.232**	**221.713**	**57.000**	**59.000**	**15.7**

INVESTMENTS OF STATE ECONOMIC ENTERPRISES

Corporation	Nitrogen Industry	Maritime Bank	State Supply Office	Meat and Fish	Etibank	İller Bank	Workers Insurance Company	Machinery and Chemical Industry Corporation	Petroleum Office	Post, Telephone Telegraph Office	SE.KA	Sümerbank	Dairy Products Corporation	Soil Products Office	Turkish Airlines	Retirement Fund	State Railways Corporation	Cement Industry	Iron-Steel Mills Corporation	Turkish Coal Corporation
—	—	—	—	—	—	—	—	—	—	—	—	—	—	13.550	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	750	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	400	53.198	—	—	—	—	—	—	—	—	2.000	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9.530	142.54
—	—	—	—	—	—	—	—	—	15.750	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	6.533	—	1.810	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	13.535	—	—	—	—	—	—	—
—	—	—	—	4.707	—	—	—	—	—	—	—	6.200	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	68.952	—	—	—	—	—	—	—	—
—	—	—	—	—	19.000	—	—	—	—	—	89.500	—	—	—	—	—	—	1.800	—	—
—	—	—	16.000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	45.571	—	—	—	—	—	—	—	—	—	12.341	39.238	—	4.500	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	26.500	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	36.400	—	—	—	—	—	—	—	—
000	—	—	—	—	30.000	—	—	—	—	—	—	17.600	—	—	—	—	—	63.600	—	—
700	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	26.000	—	—	—	—	—	—	—	—	—	—	127.600	—
—	—	—	—	—	—	—	—	7.000	—	—	—	—	—	—	—	—	—	—	21.700	—
—	—	—	—	—	—	—	—	26.000	—	—	—	—	—	—	—	—	—	—	—	—
—	—	15.741	—	—	354.034	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	20.000	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	1.000	—	—	—	—	—	—	—	—
—	—	—	—	—	—	131.523	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	241.500	—	10.000	—
—	—	61.142	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6.000	—	—	—	—	—
—	—	14.893	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5.965	—	—	—
—	—	—	—	—	—	—	—	—	—	196.239	—	—	—	—	—	—	—	—	—	—
—	—	14.340	—	—	—	—	—	—	—	—	—	—	—	—	—	63.061	—	—	—	—
—	—	4.700	—	—	—	4.599	1.000	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	50.300	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	77.046	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	6.735	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	2.000	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	3.700	—	—	—	—	—	—	—	—	1.950	—	—	—	—
700	**45.571**	**110.816**	**16.000**	**12.390**	**456.232**	**221.713**	**57.000**	**59.000**	**15.750**	**196.239**	**101.841**	**195.890**	**13.535**	**20.050**	**6.000**	**65.011**	**267.465**	**65.400**	**168.830**	**14**

INVESTMENTS OF STATE ECONOMIC ENTERPRISES

(1000 TL.)

iller Bank	Workers Insurance Company	Machinery and Chemical Industry Corporation	Petroleum Office	Post, Telephone Telegraph Office	SE.KA	Sümerbank	Dairy Products Corporation	Soil Products Office	Turkish Airlines	Retirement Fund	State Railways Corporation	Cement Industry	Iron-Steel Mills Corporation	Turkish Coal Corporation	Turkish Petroleum Corporation	Turkish Sugar Corporation	Turkish Agricultural Supplies Corporation	Vakiflar Bank	Turkish Agricultural Bank	Total of Sector
—	—	—	—	—	—	—	—	13.550	—	—	—	—	—	—	—	—	4.300	—	—	**17.850**
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7.261	—	—	—	**7.261**
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	**750**
—	—	—	—	—	—	—	—	2.000	—	—	—	—	—	—	—	7.481	—	—	—	**9.881**
—	—	—	—	—	—	—	—	—	—	—	—	—	9.530	142.540	—	—	—	—	—	**205.268**
—	—	—	15.750	—	—	—	—	—	—	—	—	—	—	—	230.247	—	—	—	—	**245.997**
1.810	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	**8.343**
—	—	—	—	—	—	—	13.535	—	—	—	—	—	—	—	—	—	—	—	—	**13.535**
—	—	—	—	—	—	6.200	—	—	—	—	—	—	—	—	—	—	5.655	—	—	**16.562**
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	52.700	—	—	—	**52.700**
—	—	—	—	—	—	68.952	—	—	—	—	—	—	—	—	—	—	—	—	—	**68.952**
—	—	—	—	—	89.500	—	—	—	—	—	—	1.800	—	—	—	—	—	—	—	**91.300**
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	**16.000**
—	—	—	—	—	12.341	39.238	—	4.500	—	—	—	—	—	—	90.900	—	—	—	—	**211.550**
—	—	—	—	—	—	26.500	—	—	—	—	—	—	—	—	—	—	—	—	—	**26.500**
—	—	—	—	—	—	36.400	—	—	—	—	—	—	—	—	—	—	—	—	—	**36.400**
—	—	—	—	—	—	17.600	—	—	—	—	—	63.600	—	—	—	—	—	—	—	**87.200**
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	**5.700**
—	—	26.000	—	—	—	—	—	—	—	—	—	—	127.600	—	—	—	—	—	—	**183.600**
—	—	7.000	—	—	—	—	—	—	—	—	—	—	21.700	—	—	—	—	—	—	**28.700**
—	—	26.000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	**26.000**
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.350	—	—	**1.350**
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	**15.741**
—	—	—	—	—	—	—	—	—	—	—	20.000	—	—	—	—	—	—	—	—	**20.000**
81.523	—	—	—	—	—	1.000	—	—	—	—	—	—	—	—	—	—	—	—	—	**486.557**
—	—	—	—	—	—	—	—	—	—	—	—	—	10.000	—	—	—	—	—	—	**10.000**
—	—	—	—	—	—	—	—	—	—	—	241.500	—	—	—	—	—	—	—	—	**241.500**
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	**61.142**
—	—	—	—	—	—	—	—	—	6.000	—	—	—	—	—	—	—	—	—	—	**6.000**
—	—	—	—	—	—	—	—	—	—	—	5.965	—	—	—	—	—	—	—	—	**20.858**
—	—	—	—	196.239	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	**196.239**
4.599	1.000	—	—	—	—	—	—	—	—	63.061	—	—	—	—	—	—	—	2.000	—	**85.000**
—	50.300	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	**55.000**
73.046	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	**78.000**
5.735	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	**5.735**
—	2.000	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1.200	1.500	**4.700**
—	3.700	—	—	—	—	—	—	—	—	1.950	—	—	—	—	—	—	—	350	—	**6.000**
21.713	**57.000**	**59.000**	**15.750**	**196.239**	**101.841**	**195.890**	**13.535**	**20.050**	**6.000**	**65.011**	**267.465**	**65.400**	**168.830**	**142.540**	**321.147**	**67.442**	**11.305**	**3.550**	**1.500**	**2.653.917**